

**RESOLUTION NO. OB-13-16**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE LONG-RANGE PROPERTY MANAGEMENT PLAN PREPARED PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34191.5**

**WHEREAS**, the Imperial Beach Redevelopment Agency ("Redevelopment Agency") was a redevelopment agency in the City of Imperial Beach ("City"), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

**WHEREAS**, the City Council has adopted redevelopment plans for Imperial Beach's redevelopment project areas, and from time to time, the City Council has amended such redevelopment plans; and

**WHEREAS**, the Redevelopment Agency was responsible for the administration of redevelopment activities within the City; and

**WHEREAS**, Assembly Bill No. X1 26 (2011-2012 1<sup>st</sup> Ex. Sess.) ("AB 26") was signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and the California Health and Safety Code ("Health and Safety Code"), including adding Part 1.8 (commencing with Section 34161) ("Part 1.8") and Part 1.85 (commencing with Section 34170) ("Part 1.85") to Division 24 of the Health and Safety Code; and

**WHEREAS**, pursuant to AB 26, as modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and expeditiously winding down the business and fiscal affairs of the former redevelopment agencies; and

**WHEREAS**, the City Council of the City adopted Resolution No. 2012-7136 on January 5, 2012, pursuant to Part 1.85 of AB 26, electing for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB 26 ("Successor Agency"); and

**WHEREAS**, on February 15, 2012, the Board of Directors of the Successor Agency, adopted Resolution No. SA-12-01 naming itself the "Imperial Beach Redevelopment Agency Successor Agency," the sole name by which it will exercise its powers and fulfill its duties pursuant to Part 1.85 of AB 26, and establishing itself as a separate legal entity with rules and regulations that will apply to the governance and operations of the Successor Agency; and

**WHEREAS**, as part of the FY 2012-2013 State budget package, on June 27, 2012, the Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012). Although the primary purpose of AB 1484 is to make technical and substantive amendments to AB 26 based on issues that have arisen in the implementation of AB 26, AB 1484 imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind down process of former redevelopment agencies, including the preparation of a Long-Range Property Management Plan (AB 26 as amended by AB 1484 is hereinafter referred to as the "Dissolution Act"); and

**WHEREAS**, Health and Safety Code Section 34179 of the Dissolution Act establishes a seven (7) member local entity with respect to each successor agency and such entity is titled the "oversight board." The oversight board has been established for the Successor Agency (hereinafter referred to as the "Oversight Board") and all seven (7) members have been appointed to the Oversight Board pursuant to Health and Safety Code Section 34179 of the Dissolution Act. The duties and responsibilities of the Oversight Board are primarily set forth in Health and Safety Code Sections 34179 through 34181 of the Dissolution Act; and

**WHEREAS**, pursuant to Health and Safety Code Section 34191.5(b) of the Dissolution Act, once the California Department of Finance ("DOF") issues a Finding of Completion to the Successor Agency pursuant to Health and Safety Code Section 34179.7 of the Dissolution Act, the Successor Agency shall prepare a Long-Range Property Management Plan ("Plan") that addresses the disposition and use of certain real properties of the former Redevelopment Agency. The Plan shall be submitted to the Oversight Board and the DOF for approval no later than 6 months following the issuance of the Finding of Completion to the Successor Agency; and

**WHEREAS**, pursuant to Health and Safety Code Section 34191.5(a) of the Dissolution Act, upon the issuance of the Finding of Completion to the Successor Agency, a Community Redevelopment Property Trust Fund ("Trust") will be established to serve as the repository of the former Redevelopment Agency's real properties identified in the Due Diligence Reviews ("DDR's") by Health and Safety Code Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the DDRs.). The Trust shall be administered by the Successor Agency; and

**WHEREAS**, pursuant to Health and Safety Code Section 34191.4(a) of the Dissolution Act, upon the approval of the Plan by the DOF, all real property and interests in real property identified in the DDRs by Health and Safety Code Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the DDRs.) shall be transferred to the Trust, unless such a property is subject to the requirements of any existing enforceable obligation; and

**WHEREAS**, although the Dissolution Act requires that the Plan be submitted to the Oversight Board and the DOF for approval no later than 6 months following the issuance of the Finding of Completion to the Successor Agency, which the Successor Agency has yet to receive as of February 13, 2013, staff is processing the Plan for approval earlier than statutorily required in order to expedite, to whatever extent possible, the DOF's review and approval of the Plan, in an effort to move the development forward in connection with two real properties identified in the proposed Plan; and

**WHEREAS**, Health and Safety Code Section 34191.5(c) of the Dissolution Act requires that the Plan (i) include an inventory of all properties in the Trust, which inventory shall consist of specific information relating to each such property including, without limitation, the date of and purpose for acquisition, value of property, applicable zoning, any property revenues and contractual requirements for disposition of same, history of environmental issues and any related studies and remediation efforts, potential for transit-oriented development and advancement of planning objectives of the Successor Agency, and history of previous development proposals and activity; and (2) address the use or disposition of all properties in the Trust, including the retention of such property for governmental use pursuant to Health and Safety Code Section 34181(a) of the Dissolution Act, the retention of such property for future development, the sale of such property, or the use of such property to fulfill an enforceable obligation; and

**WHEREAS**, on February 6, 2013 by Resolution SA-13-22, the Successor Agency approved the Plan, in substantial form as attached to the Staff Report prepared for the

Oversight Board's consideration of this Agenda Item, and the Successor Agency authorized the submission of the approved Plan to the Oversight Board for its approval; and

**WHEREAS**, the Plan is now being submitted to the Oversight Board for review and approval in accordance with Health and Safety Code Section 34191.5(b) of the Dissolution Act; and

**WHEREAS**, the Plan includes three (3) real properties ("Properties") that were identified in the Non-Housing DDR by Health and Safety Code Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the DDR). These Properties are all located in the City of Imperial Beach, County of San Diego, State of California, and described as follows: (1) 741-849 Palm Avenue; (2) 735 Palm Avenue; and (3) 800 Seacoast Drive. No real property assets were identified in the Housing DDR by Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the DDR); and

**WHEREAS**, for each of the Properties, the Plan includes all of the information required by Health and Safety Code Section 34191.5(c) of the Dissolution Act. Further, pursuant to Health and Safety Code Section 34191.5(c)(2), the two Properties located on Palm Avenue are being held for the anticipated sale and development, and all three Properties are being retained for purposes of fulfilling an enforceable obligation, as more specifically described in the Plan; and

**WHEREAS**, as required by Health and Safety Code Section 34180(j) of the Dissolution Act, the Successor Agency has submitted a copy of the Plan to the San Diego County Administrative Officer, the San Diego County Auditor-Controller ("County Auditor-Controller"), and the DOF at the same time that the Successor Agency submitted the Plan to the Oversight Board for approval; and

**WHEREAS**, as required by Health and Safety Code Section 34179(f) of the Dissolution Act, all notices required by law for proposed actions of the Oversight Board shall be posted on the Successor Agency's internet website or the Oversight Board's internet website; and

**WHEREAS**, pursuant to Health and Safety Code Section 34179(h) of the Dissolution Act, the Successor Agency is required to provide written notice and information about all actions taken by the Oversight Board, including the proposed approval of the Plan, to the DOF by electronic means and in the manner of the DOF's choosing; and

**WHEREAS**, pursuant to Health and Safety Code Section 34191.3 of the Dissolution Act, once the Plan is approved by the DOF pursuant to Health and Safety Code Section 34191.5(b) of the Dissolution Act, the Plan shall govern, and supersede all other provisions of the Dissolution Act relating to, the disposition and use of the Properties; and

**WHEREAS**, the activity proposed for approval by this Resolution has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000 *et seq.*, hereafter the "Guidelines"), and the City's environmental guidelines; and

**WHEREAS**, the activity proposed for approval by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because the activity is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines. In this regard, the projects associated with the Properties identified in the Plan, along with their respective contractual agreements, have been reviewed and analyzed pursuant to CEQA and their required environmental documents have been prepared, circulated and approved/certified by

the appropriate lead agency; 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 of the Imperial Beach Redevelopment Agency Successor Agency, as follows:

- Section 1.** The foregoing recitals are true and correct and are a substantive part of this Resolution.
- Section 2.** The adoption of this Resolution is not intended to and shall not constitute a waiver by the Successor Agency of any constitutional, legal or equitable rights that the Successor Agency may have to challenge, through any administrative or judicial proceedings, the effectiveness and/or legality of all or any portion of AB 26 or AB 1484, any determinations rendered or actions or omissions to act by any public agency or government entity or division in the implementation of AB 26 or AB 1484, and any and all related legal and factual issue, and the Successor Agency expressly reserved any and all rights, privileges, and defenses available under law and equity.
- Section 3.** The Oversight Board hereby approves the Long-Range Property Management Plan ("Plan"), substantially in the form as attached to the Staff Report prepared for the Oversight Board's consideration of this Agenda Item.
- Section 4.** The Oversight Board hereby directs the Successor Agency to submit copies of the Plan approved by this Resolution as required under the Dissolution Act, in the method required, and in a manner to avoid a late submission. In this regard, the Oversight Board hereby authorizes and directs the Executive Director, or designee, of the Successor Agency to: (i) submit the Plan, as approved by the Oversight Board, and written notice of the Oversight Board's approval of the Plan, to the DOF (electronically in PDF format) and the County Auditor-Controller; (ii) post a copy of the Plan, as approved by the Oversight Board, on the Successor Agency's internet website; and (iii) revise the Plan and make such changes and amendments as necessary, before official submittal of the Plan to the DOF, in order to complete the Plan in the manner provided by the DOF and to conform the Plan to the form or format as prescribed by the DOF.
- Section 5.** The Oversight Board hereby authorizes and directs the Executive Director, or designee, of the Successor Agency to take such other actions and execute such other documents as are necessary to effectuate the intent of this Resolution.
- Section 6.** The Oversight Board determines that the activity approved by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because the activity approved by this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines.

**Section 7.** If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Successor Agency declares that its Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

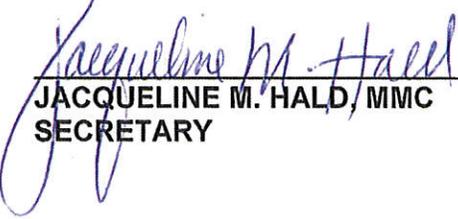
**Section 8.** This Resolution shall take effect upon the date of its adoption.

**PASSED, APPROVED, AND ADOPTED** by the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency at its meeting held on the 13<sup>th</sup> day of February 2013, by the following vote:

<b>AYES:</b>	<b>BOARD MEMBERS:</b>	<b>WEST, SAADAT, HENTSCHE, FERNANDEZ, WINTER, GOODWIN-COLBERT, FOLTZ</b>
<b>NOES:</b>	<b>BOARD MEMBERS:</b>	<b>NONE</b>
<b>ABSENT:</b>	<b>BOARD MEMBERS:</b>	<b>NONE</b>

  
\_\_\_\_\_  
**MAYDA C. WINTER, CHAIRPERSON**

**ATTEST:**

  
\_\_\_\_\_  
**JACQUELINE M. HALD, MMC  
SECRETARY**



## LONG-RANGE PROPERTY MANAGEMENT PLAN CHECKLIST

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**Instructions:** Please use this checklist as a guide to ensure you have completed all the required components of your Long-Range Property Management Plan. Upon completion of your Long-Range Property Management Plan, email a PDF version of this document and your plan to:

[Redevelopment\\_Administration@dof.ca.gov](mailto:Redevelopment_Administration@dof.ca.gov)

The subject line should state “[Agency Name] Long-Range Property Management Plan”. The Department of Finance (Finance) will contact the requesting agency for any additional information that may be necessary during our review of your Long-Range Property Management Plan. Questions related to the Long-Range Property Management Plan process should be directed to (916) 445-1546 or by email to

[Redevelopment\\_Administration@dof.ca.gov](mailto:Redevelopment_Administration@dof.ca.gov).

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Pursuant to Health and Safety Code 34191.5, within six months after receiving a Finding of Completion from Finance, the Successor Agency is required to submit for approval to the Oversight Board and Finance a Long-Range Property Management Plan that addresses the disposition and use of the real properties of the former redevelopment agency.

### GENERAL INFORMATION:

Agency Name: **Imperial Beach Redevelopment Agency Successor Agency**

Date Finding of Completion Received: Pending

Date Oversight Board Approved LRPMP: February 13, 2013

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### Long-Range Property Management Plan Requirements

For each property the plan includes the date of acquisition, value of property at time of acquisition, and an estimate of the current value.

Yes  No

For each property the plan includes the purpose for which the property was acquired.

Yes  No

For each property the plan includes the parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

Yes  No

For each property the plan includes an estimate of the current value of the parcel including, if available, any appraisal information.

Yes  No

For each property the plan includes 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.

Yes  No

For each property the plan includes the history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

Yes  No

For each property the plan includes a description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

Yes  No

For each property the plan includes a brief history of previous development proposals and activity, including the rental or lease of the property.

Yes  No

For each property the plan identifies the use or disposition of the property, which could include 1) the retention of the property for governmental use, 2) the retention of the property for future development, 3) the sale of the property, or 4) the use of the property to fulfill an enforceable obligation.

Yes  No

The plan separately identifies and list properties dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation.

Yes  No

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## ADDITIONAL INFORMATION

- If applicable, please provide any additional pertinent information that we should be aware of during our review of your Long-Range Property Management Plan.

There are three (3) real properties ("Properties") previously owned by the former Imperial Beach Redevelopment Agency ("Redevelopment Agency") that are included in the Long-Range Property Management Plan ("Plan") and that were identified in the Non-Housing Due Diligence Review by California Health and Safety Code ("H&S Code") Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the DDR). These Properties are all currently owned by the Imperial Beach Redevelopment Agency Successor Agency ("Successor Agency") and are located in the City of Imperial Beach, County of San Diego, State of California, and described as follows: (1) 741-849 Palm Avenue; (2) 735 Palm Avenue; and (3) 800 Seacoast Drive. No real property assets were identified in the Housing Due Diligence Review by H&S Code Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the DDR).

For each of the Properties, the Plan includes all of the information required by H&S Code Section 34191.5(c) of the Dissolution Act. Further, pursuant to H&S Code Section 34191.5(c)(2) of the Dissolution Act, the two Properties located on Palm Avenue are being held for anticipated sale and development pursuant to an agreement with a developer (these two Properties will be discussed jointly and together in the Plan and below as they relate to the same development project and are governed by the same agreement), the Property located on Seacoast Drive is being retained for current development pursuant to an agreement with a developer and a ground lease with a lessee, and all three Properties are being retained for purposes of fulfilling an enforceable obligation, as more specifically described in

the Plan. Pursuant to agreements with developers, all three Properties are anticipated to be sold upon the complete satisfaction of certain conditions precedent. These Properties and their respective development projects are discussed in detail in the Plan and are summarized as follows:

- 1. 9<sup>th</sup> & Palm Property at 741-849 Palm Avenue and 735 Palm Avenue (APN 626-250-03, 04, 05 and 06)** – These two Properties will be discussed jointly and together in the Plan and herein as they relate to the same development project and are governed by the same agreement. These Properties were the subject of an Exclusive Negotiation Agreement entered into by and between the former Redevelopment Agency and Sudberry Properties, Inc. on September 23, 2009 (and subsequently amended on March 17, 2010, January 4, 2011 and June 1, 2011) and are currently the subject of a Disposition and Development Agreement (DDA) entered into by and between the City of Imperial Beach (“City”) and Sudberry-Palm Avenue, LLC, a California limited liability company (“Developer”) on December 14, 2011, which DDA was specifically assigned to and assumed by the Successor Agency, as discussed below.

The DDA pertains to these two Properties and additional land to be vacated by the City, comprising approximately 4.75 acres located generally at the south side of Palm Avenue (State Route 75), between 7<sup>th</sup> Street and 9<sup>th</sup> Street, in the City of Imperial Beach, California, (collectively defined in the DDA as the “Site”). The DDA concerns the sale of the Site to the Developer and the Developer’s associated development of (i) a privately owned “town center” of new construction combining retail with commercial space in a pedestrian-friendly environment, consisting of approximately 46,200 square feet of building area in seven (7) buildings (designated in the DDA as Parcels “A” through “G”), surface parking consisting of approximately 238 parking stalls, landscaping, hardscaping, lighting, driveways, and related improvements (collectively defined in the DDA as the “Private Improvements”), and (ii) certain off-site public improvements, including without limitation intersection improvements at Delaware Avenue, Palm Avenue and State Route 75 and all associated improvements, curb, gutter, landscaping, traffic signal, alley and undergrounding improvements required for the Project, and any other Cal-Trans requirements (collectively defined in the DDA as the “Public Improvements”), (the Private Improvements and the Public Improvements are collectively defined in the DDA as the “Project”). The DDA further contemplates the City’s ownership of the Public Improvements to be constructed on and off the Site pursuant to the DDA.

On September 12, 2012, after the publication of notice in a newspaper at least ten (10) days prior to the action, in accordance with H&S Code Section 34181(f) of the Dissolution Act, the Oversight Board to the Successor Agency adopted Resolution No. OB-12-10 approving, among other actions, (i) the terms of the DDA between the City and Developer, (ii) the sale and conveyance of the Property to Developer pursuant to the terms of the DDA for development of the Project; (iii) the City’s ownership of the public improvements constructed as part of the Project; and (iv) the Successor Agency’s retention of the residual proceeds received from the sale of the Property to Developer for the Successor Agency’s use in winding down the affairs of the former Redevelopment Agency pursuant to H&S Code Section 34177(e) of the Dissolution Act. In addition, the Oversight Board authorized and directed the Executive Director of the Successor Agency, or his or her designee, and the City Manager, or his or her designee, to take all actions and sign any and all documents necessary to implement and effectuate the DDA and the actions approved by Resolution No. OB-12-10 including, without limitation, approving extensions of deadlines set forth in the DDA and the Schedule of Performance as determined necessary by the City Manager, or his or her designee, under the DDA, approving amendments to the DDA and its Attachments as determined necessary by the City Manager, or his or her designee, to effectuate the DDA, executing documents on behalf of the Successor Agency and City (including, without limitation, grant deeds and quitclaim deeds), and administering the Successor Agency’s and City’s obligations, responsibilities and duties to be performed pursuant to such Resolution.

Successor Agency staff then properly submitted notice of the Oversight Board’s adoption of Resolution No. OB-12-10 and associated approvals in connection with the DDA to the DOF, the County of San Diego and other agencies. The DOF never requested review of the Oversight Board’s adoption of Resolution No. OB-12-10 and associated approvals in connection with the DDA within the statutory review period provided under H&S Code Section 34179(h) of the Dissolution Act. Therefore, in

accordance with Health and Safety Code Section 34179(h) of the Dissolution Act, the Oversight Board approvals set forth in Resolution No. OB-12-10 are considered effective. Additionally, H&S Code Section 34181(f) of the Dissolution Act, in connection with the Oversight Board actions pertaining to the Property and asset dispositions, states that Oversight Board actions are subject to review by the DOF pursuant to H&S Code Section 34179 except that the DOF may extend its review period from forty (40) days by up to sixty (60) days, and that if the DOF does not object such actions, and if no action challenging that action is commenced within sixty (60) days of the approval of the actions by the Oversight Board, then the actions of the Oversight Board shall be considered final and "can be relied upon as conclusive by any person." The DOF never requested review of the Oversight Board actions taken pursuant to Resolution No. OB-12-10 within the statutory review period and no action challenging such Oversight Board actions was commenced within 60 days of September 12, 2012, the date of the Oversight Board's approval of Resolution No. OB-12-10 in connection with the DDA. Therefore, in accordance with H&S Code Section 34181(f) of the Dissolution Act, the Oversight Board approvals set forth in Resolution No. OB-12-10 are considered final and can be relied on as conclusive by any person.

As permitted by Resolution No. OB-12-10, on December 5, 2012, the City took actions approving an extension of various dates and deadlines in the DDA, as determined necessary by the City Manager, and the City and Successor Agency took actions approving the transfer of the subject property from the City to the Successor Agency by Quitclaim Deed and approving execution of an Assignment and Assumption Agreement of the terms of the DDA to the Successor Agency. On January 17, 2013, a Quitclaim Deed was recorded transferring title of the property from the City to the Successor Agency. The DDA constitutes an enforceable obligation of the Successor Agency pursuant to the Dissolution Act.

**2. Seacoast Inn Property at 800 Seacoast Drive (APN 625-262-02)** – This Property is the subject of a Disposition and Development Agreement (DDA) entered into by and between the former Redevelopment Agency and Imperial Coast, L.P., a California limited partnership ("Developer"), on December 16, 2010. The DDA constitutes an enforceable obligation of the former Redevelopment Agency and now the Successor Agency pursuant to the Dissolution Act. The DDA provides for the acquisition of fee title of the Property by the Redevelopment Agency from the Developer, the payment by the Redevelopment Agency to the Developer for the cost of certain off-site Public Improvements and Plans, the ground leasing of the Property from the Redevelopment Agency to the Developer or its assignee Seacoast Inn, L.P., a California limited partnership ("Tenant", "Lessee", and "Assignee") for the Developer's or Assignee's development of a full-service beachfront hotel and appurtenant parking facilities ("Hotel"), and the grant of an option to the Developer or its Assignee to purchase back fee title of the Property from the Redevelopment Agency upon the complete satisfaction of certain performance standards by the Developer or its Assignee, in accordance with the terms of the DDA. As of this date, the project provided for under the DDA is nearing completion of construction. The Property is owned by the Successor Agency and ground leased to Developer's Assignee, Seacoast Inn, L.P., a California limited partnership, for one dollar (\$1.00) per year pursuant to the terms of a fifty-five (55) year term Ground Lease entered into by and between the Former Redevelopment Agency and Seacoast Inn, L.P.. Additionally, Assignee, Seacoast Inn, L.P. has the option to purchase the property back from the Successor Agency for one dollar (\$1.00) after certain conditions precedent are met. The Assignee, Seacoast Inn, L.P.'s right to exercise the option to purchase the Property is conditioned upon the following events:

- Commencing upon completion of the project until on or before Operating Year 10, the City of Imperial Beach's receipt of transient occupancy taxes ("TOT") from the operation of the Hotel on the Property, in the amount of at least THREE MILLION TWO HUNDRED TWO THOUSAND DOLLARS AND NO CENTS (\$3,202,000); and
- Commencing upon completion of the project and after Operating Year 10, the City of Imperial Beach's receipt of TOT from the operation of the Hotel on the Property, in the amount of at least TWO MILLION THREE HUNDRED FIFTY-ONE THOUSAND DOLLARS AND NO CENTS (\$2,351,000).

It should be noted that the receipt of TOT was not intended to benefit then and would not benefit now either the former Redevelopment Agency or the Successor Agency. Other than the total amount of lease revenue (a maximum of \$55.00) and the total amount of sale proceeds received upon the Developer's Assignee exercising its option to purchase the Property (a total of \$1.00), there is no direct financial benefit to the Successor Agency expected through the Successor Agency's ownership and disposition of this Property.

In addition to the above Properties, the former Redevelopment Agency previously held title to real property located at 776 10<sup>th</sup> Street (Assessor Parcel Number 626-282-12 and commonly referred to as the 10<sup>th</sup> & Donax site). This property was acquired in May 2008 by the former Redevelopment Agency with Low and Moderate Income Housing Funds for the development of affordable housing pursuant to the California Community Redevelopment Law ("CRL"). After the former Redevelopment Agency purchased this property, the structure existing on the property was demolished and cleared by the former Redevelopment Agency to prepare the site for future development of affordable housing. Pursuant to H&S Code Section 34176(e) of the Dissolution Act, this property constitutes a "housing Asset" and, therefore, title and ownership of this property was transferred to the Imperial Beach Housing Authority ("Housing Authority"), which entity serves as the Successor Housing Entity of the former Redevelopment Agency pursuant to H&S Code Sections 34176(b) and 34176(c) of the Dissolution Act. As required by H&S Code Section 34176(a)(2) of the Dissolution Act, on July 31, 2012, the Successor Agency staff provided to the DOF for review the list of housing asset transfers ("HAT List") that included, among other "housing assets", the 10<sup>th</sup> & Donax site as property being held by the Housing Authority as the Successor Housing Entity. On August 30, 2012, the DOF issued a letter to the Successor Agency specifically stating that, except for the items to which the DOF objected (which related to Housing Bond Proceeds only), the DOF "is not objecting to the remaining items, if any, listed on your Form." Therefore, the 10<sup>th</sup> & Donax site is properly held by the Housing Authority for the development of affordable housing. As such, the 10<sup>th</sup> & Donax site is (i) not identified in the DDRs by H&S Code Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the DDRs), although it is referenced in Procedure 3 of the Housing DDR as a "housing asset" pursuant to H&S Code Section 34176(e)(1) of the Dissolution Act transferred to the Housing Authority, and (ii) is not included in the Plan.

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**Agency Contact Information**

Name:	Gregory Wade	Name:	
Title:	Deputy Director	Title:	
Phone:	619-628-1354	Phone:	
Email:	gwade@cityofib.org	Email:	
Date:		Date:	

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**Department of Finance Local Government Unit Use Only**

DETERMINATION ON LRPMP:  APPROVED  DENIED

APPROVED/DENIED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

APPROVAL OR DENIAL LETTER PROVIDED:  YES DATE AGENCY NOTIFIED: \_\_\_\_\_

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**IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY  
LONG RANGE PROPERTY MANAGEMENT PLAN  
AS REQUIRED BY HEALTH & SAFETY CODE SECTION 34191.5(b)**

**9<sup>th</sup> and Palm Property  
741-849 Palm Avenue and 735 Palm Avenue (APN 626-250-03, 04, 05 and 06)**

- Purpose:** To address the disposition and use of real properties of the former redevelopment agency
- Due:** No later than six (6) months following the issuance to the successor agency of the Finding of Completion
- Contents:** The Long Range Property Management Plan shall include an inventory of all properties in the trust. The inventory shall consist of all of the following information:
- 1) 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
  - 2) The purpose for which the property was acquired
  - 3) Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan
  - 4) An estimate of the current value of the parcel including, if available, any appraisal information
  - 5) 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
  - 6) The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts
  - 7) A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency
  - 8) A brief history of previous development proposals and activity, including the rental or lease of the property

The Long-Range Property Management Plan shall 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 (above), the proceeds from the sale shall be distributed as property tax to the taxing entities

- C. Property shall not be transferred to a successor agency, 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

**Property:** 9<sup>th</sup> & Palm Property

**Dates of Acquisition:** February 11, 2009 (741-849 Palm Avenue)  
February 13, 2009 (735 Palm Avenue)

**Value at Acquisition:** \$9,679,454 (741-849 Palm Avenue)  
\$1,608,827 (735 Palm Avenue)

**Estimate of Current Value:** "Nominal Value" (see attached appraisal dated July 10, 2012)

**Purpose of Acquisition:** To facilitate/effectuate redevelopment and economic development of the property and surrounding area

**Parcel Data:**

**Property Address:** 735-849 Palm Avenue, Imperial Beach, CA 91932

**Assessor Parcel No.** 626-250-03, 04, 05, 06

**Lot Size:** 207,000 square feet (4.75 acres, inclusive of public rights-of-way)  
170,320 square feet (3.91 acres, exclusive of public rights-of-way)

**Current Zoning:** C-1 General Commercial (C/MU-1 per recent Zoning Amendment) Zone per the City's Zoning Code, General Plan/Local Coastal Program and Sections 210 and 230 of the Redevelopment Plan for the Palm Avenue/Commercial Redevelopment Project.

**Estimate of Current Value:** "Nominal Value" (see attached appraisal)

**Appraisal Date:** July 10, 2012

**Estimated Revenues:** Pursuant to the approved DDA, the Site will be sold to the Developer for the Project, as defined in the DDA. Pursuant to Section 201 of the DDA, the "Purchase Price" (the monetary consideration payable by Developer to the Successor Agency) for the Site includes the following two components: (a) the payment of the sum of \$1.00, in cash, at the Close of Escrow; and (b) payment of the Participation Component in accordance with the Payment Agreement, consisting of 1.5% of the gross sales price from the first arm's-length sale of each portion of the Site by the Developer in any number of transactions over any period of time, if any, excluding the sale of Parcel A and Parcel F upon certain conditions including, without limitation, if the Developer conveys these parcels for development by an end user in accordance with the terms of the DDA. However, except as otherwise exempted from the Participation Component, if the Developer constructs the Vertical Improvements on Parcel F, and subsequently sells Parcel F, the gross sales price from such sale shall be subject to the 1.5 % Participation Component.

## **Environmental Contamination History:**

**Studies Conducted:** October 22, 1991 & March 16, 2009 – Asbestos Surveys (735 Palm Avenue)  
September 10, 2007 – Asbestos and Lead Survey conducted  
April 3, 2009 – Phase I and Phase II Site & Subsurface Site Assessments  
March 10, 2011 – Hazardous Building Materials Survey (741-849 Palm Avenue)

**Remediation:** June 2009 – Asbestos abated prior to demolition (735 Palm Avenue)  
October 21, 2010 – Underground Storage Tank removed  
December 1, 2011 – Asbestos abated prior to demolition (741-849 Palm Avenue)

**Brownfield Status:** N/A

**Transit-Oriented Development Potential:** The project Site is located along a Mixed Use Transit Corridor as designated by the San Diego Regional Association of Governments (SANDAG) in their Smart Growth Concept Map. The Palm Avenue/State Route 75 corridor is the major transit corridor within the City of Imperial Beach providing access to many transit modes including buses, bicycles and automobiles. This corridor has several bus stops along the Palm Avenue/State Route 75 transit corridor including one bus stop within 100 feet and two within 300 feet of the project Site. Although there is no residential component to the proposed development, there is residential directly south of the project Site, making the overall development proposal and its surrounding area transit-oriented development.

**Planning Objectives of the Successor Agency:** The planning objectives for this property are contained in the City's Zoning Code, General Plan/Local Coastal Plan and the Redevelopment Plan for the Palm Avenue/Commercial Redevelopment Project, including Amendment No. 1 to this Redevelopment Plan. The zoning, General Plan and Redevelopment Plan designation for this area is C-1 General Commercial. The General Commercial land use designation provides for land to meet the local demand for commercial goods and services, as opposed to the goods and services required primarily by the tourist population. It is intended that the dominant type of commercial activity in this designation will be community and neighborhood serving retail and office uses such as markets, specialty stores, professional offices, personal services, department stores, restaurants, liquor stores, hardware stores, etc. The proposed use of the Project Site conforms in every respect with this land use designation. The Successor Agency, therefore, is seeking to develop the property in compliance with the planning objectives of these applicable land use plans. Additionally, both the Economic Development Plan and the Five Year Implementation Plan adopted by the former Redevelopment Agency and now administered by the Successor Agency contain specific goals to facilitate redevelopment of the Project Site and to develop such large commercial properties along Palm Avenue to stimulate further improvements and economic development in the area.

## **Development Proposal History:**

- December 2004 - The City Council of the City of Imperial Beach ("City") authorized the Former Redevelopment Agency ("Former Agency") to issue a "Statement of Interest and/or Development Proposals" ("RFP") to property owners, tenants, and businesses located on the south side of Palm Avenue, between 7<sup>th</sup> and 9<sup>th</sup> streets.
- October 2005 – Lennar and D.R. Horton presented development proposals to the Former Agency for consideration. D.R. Horton was selected by the Former Agency as the preferred developer.
- December 2005 – D.R. Horton presented their development proposal to the City, Former Agency, and the community.
- January 12, 2006 – Staff and D.R. Horton presented their development proposal and recommended to the Former Agency that staff be authorized to negotiate an Exclusive Negotiation Agreement ("ENA") with D.R. Horton. The Former Agency authorized staff to negotiate an ENA with D.R. Horton.

- February 15, 2006 – Staff presented the Draft ENA with D.R. Horton to the Former Agency and provided an update on the community meeting held to discuss the proposed project.
- March 22, 2006 – The Former Agency entered into an ENA with D.R. Horton for a Mixed-Use development consisting of approximately 70,000 square feet of retail and 203 market-rate condominiums on the Property.
- November 16, 2006 – Due to the economic downturn/recession, D.R. Horton withdrew from all new development proposals nation-wide and, therefore, allowed the term of the ENA to expire.
- April 18, 2007 – The Former Agency authorized staff to issue a “Request for Qualifications/Proposals for Real Estate Development in Imperial Beach” for the subject Property.
- July 2007 – The Former Agency received two responses to the Former Agency’s Request for Qualifications/Proposals for Real Estate Development in Imperial Beach. The Imperial Beach Gateway by Sterling Development Corporation and Dan Malcolm of Lee & Associates (“Sterling”) and “The Shops at Palm Avenue” represented by Arnel Hopkins.
- February 2007 – The Former Agency authorized staff to enter into an ENA with Arnel Hopkins.
- March 2008 – Arnel Hopkins withdrew from the project.
- April 2008 – The Former Agency directed staff to negotiate an ENA with the Imperial Beach Gateway team but, after several months of discussions, staff was unable reach an agreement with the developer.
- December 2008 – The Former Agency authorized staff to negotiate Purchase and Sale Agreements for the North Island Credit Union and Miracle Shopping Center properties which comprised most of the project Site.
- January 2009 – A Request for Proposals was issued for Relocation Assistance Services for the 9<sup>th</sup> & Palm Redevelopment Project (the “Project”).
- February 4, 2009 – The Former Agency entered into an agreement with Epic Land Solutions, Inc. for relocation services to relocate existing tenants at the Miracle Shopping Center.
- February 11, 2009 – The Former Agency completed the purchase of the Miracle Shopping Center.
- February 13, 2009 – The Former Agency completed the purchase of the North Island Credit Union property.
- February 18, 2009 – The Former Agency authorized the issuance of another Request for Qualifications/Proposals for the Project Site.
- June 17, 2009 – The Former Agency approved relocation plan for the relocation of existing tenants from the Project Site.
- June 2009 – Epic Land Solutions and staff initiated relocation of the existing tenants from the Project Site.
- July 15, 2009 – The Former Agency authorized staff to negotiate an ENA with Sudberry Development Inc. (“Sudberry”) for redevelopment of the Project Site.

- September 2, 2009 – The Former Agency entered into an ENA with Sudberry.
- March 17, 2010 – The ENA with Sudberry was amended by “Letter Agreement” entered into by the Former Agency and Sudberry.
- January 4, 2011 – A First Amendment to the ENA was executed.
- June 1, 2011 – A Second Amendment to the ENA was executed.
- October 2011 – The demolition of the Miracle Shopping Center on the Project Site was initiated.
- December 14, 2011 – The City entered into a Disposition and Development Agreement (the “DDA”) with Sudberry-Palm Avenue LLC (“Developer”) for redevelopment of the Project Site. The City owned the Property at that time of the parties’ execution of the DDA. However, the Property was subsequently transferred to the Successor Agency which is the current owner of the subject Property.
- May 2012 – The Notice of Completion was recorded for the demolition of the Miracle Shopping Center.
- August 15, 2012 – The Imperial Beach Redevelopment Agency Successor Agency (the “Successor Agency”) adopted Resolution No. SA-12-15 approving, among other actions, the terms of the DDA between the City and the Developer and authorized the transfer of real property to the Developer. The City authorized, among other actions, the transfer of any residual proceeds received from the sale of the Property to the Successor Agency.
- September 12, 2012 – the Successor Agency’s Oversight Board (the “Oversight Board”) approved Resolution No. OB-12-10 approving, among other actions, the terms of the DDA between the City and the Developer, authorizing the sale and conveyance of the Property to the Developer pursuant to the terms of the DDA for development of the Project, authorizing the City’s retention and ownership of certain public improvements constructed as part of the Project and approving the City’s transfer to the Successor Agency of the residual proceeds received from the sale of the Property to the Developer for the Successor Agency’s use and distribution for approved development projects or to otherwise wind down the affairs of the Former Agency pursuant to Health and Safety Code Section 34177(e) of the Dissolution Act.
- September 12, 2012 – the Successor Agency notified the State Department of Finance (the “DOF”) of the actions taken by the Oversight Board and forwarded a copy of Resolution No. OB-12-10 approving the terms of the DDA, and other actions, as noted above and pursuant to Health and Safety Code Sections 34177(e), 34177(h), 34181(a) and 34181(e) of the Dissolution Act. Receipt of this notification was electronically verified by the DOF.
- September 20, 2012 – The approvals and actions taken by the Oversight Board set forth in Resolution No. OB-12-10 are deemed effective pursuant to the Dissolution Act. Pursuant to Health and Safety Code Section 34179(h) of the Dissolution Act, the DOF had five (5) business days within which to request review of the actions taken by the Oversight Board. No review was requested by the DOF.
- November 12, 2012 – The approvals and actions taken by the Oversight Board set forth in Resolution No. OB-12-10 are deemed final and conclusive pursuant to the Dissolution Act. Pursuant to Health and Safety Code Section 34181(f), the DOF’s review period for actions relating to disposition of assets and properties of the Former Agency may be extended from 40 to 60 days. Further, Section 34181(f) provides that if the DOF does not object to Oversight Board actions, and if no action challenging such

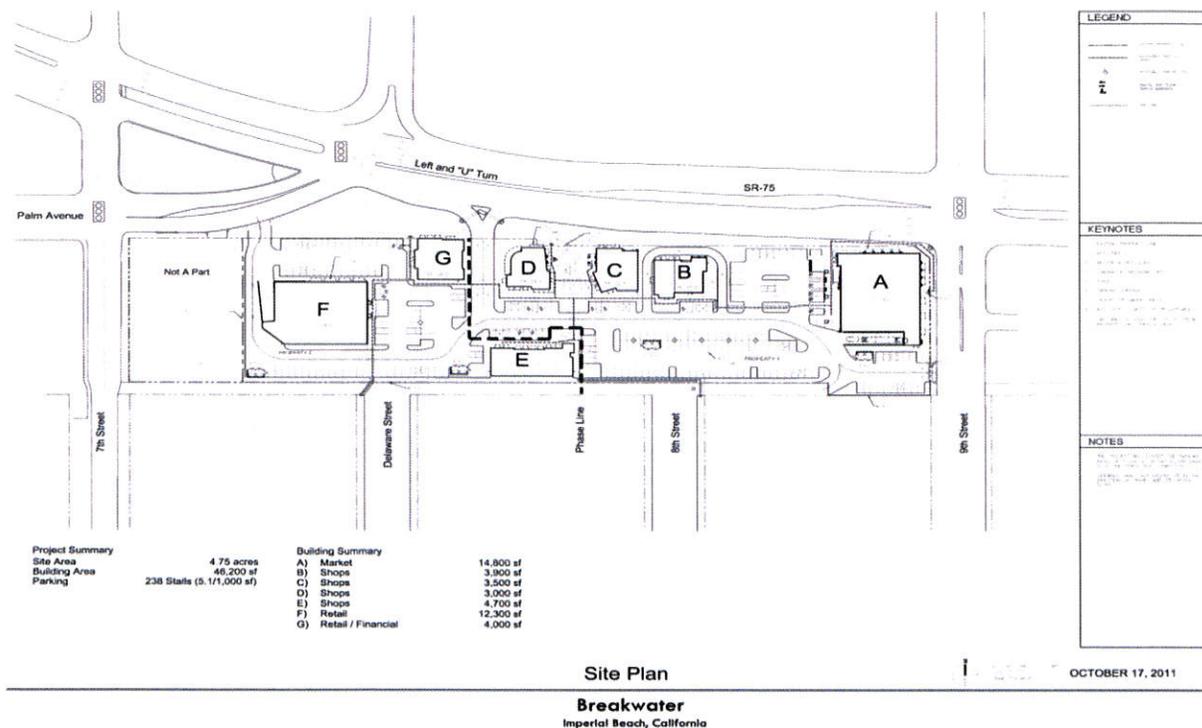
actions is commenced, with sixty (60) days of the Oversight Board actions and approval, then the actions and approvals of the Oversight Board are considered final and “can be relied upon as conclusive by any person.” The DOF did not request review and no actions challenging the approvals and actions taken by the Oversight Board pursuant to Resolution No. OB-12-10 was commenced within sixty (60) days after September 12, 2012.

- December 5, 2012 – As permitted by Resolution No. OB-12-10, on December 5, 2012, the City took actions approving an extension of various dates and deadlines in the DDA, as determined necessary by the City Manager, and the City and Successor Agency took actions approving the transfer of the subject property from the City to the Successor Agency by Quitclaim Deed and approving execution of an Assignment and Assumption Agreement of the terms of the DDA to the Successor Agency. On January 17, 2013, a Quitclaim Deed was recorded transferring title of the property from the City to the Successor Agency. The DDA constitutes an enforceable obligation of the Successor Agency pursuant to the Dissolution Act.
- January 17, 2013 – Quitclaim Deed recorded transferring title of the Property from the City to the Successor Agency.

**Use or Disposition of the Property:** The Property is the subject of the DDA, a third party agreement between the Successor Agency and Sudberry-Palm Avenue LLC. The terms of the DDA have been approved by the Successor Agency and by the Oversight Board. Pursuant to Health and Safety Code Sections 34179(h) and 34181(f) of the Dissolution Act, such approvals are considered effective, final and conclusive. Therefore, the retention, sale and use of this Property pursuant to the terms of the DDA for future development will fulfill an enforceable obligation.

The Property is located within the geographical area of the Palm Avenue/Commercial Redevelopment Project (“Project Area”). The Project complies with and furthers the goals and objectives of the Redevelopment Plan for the Project Area approved and adopted by the City Council of the City on February 6, 1996 by Ordinance No. 96-901, as subsequently amended (“Redevelopment Plan”) and the Project also furthers municipal and other public purposes.

The Property consists of two separate components, designated in the DDA as "Property 1" (Parcels A, B, C & D) and "Property 2" (Parcels E, F, & G) which are illustrated as follows:



Terms of the DDA:

The terms and conditions of the DDA anticipate that the entire Property would be conveyed by the Successor Agency to the Developer at one time. The DDA also expects but does not require that the Property will be developed in two phases, each with separate and distinct conditions precedent to closing and the associated release of certain interests and rights of the Successor Agency. Phase 1 of the Project would include development of Property 1 (Parcels A, B, C and D) and consist of the following (capitalized terms are as defined in the DDA):

- The construction of the Public Improvements (except the Undergrounding Utilities, Alley Improvements and new traffic signal that are deferred until Phase 2);
- The construction of all Horizontal Improvements on Property 1;
- The construction of all Building Pads and related improvements on Property 1; and
- The construction of the Vertical Improvements to be constructed on Property 1, with related on-site utilities, improvements, landscaping, lighting, parking and driveways.

Phase 2 of the Project would include development of Property 2 (Parcels E, F, and G) and would consist of the following:

- The construction of any of the Public Improvements deferred by Developer until Phase 2;
- The construction of any remaining Horizontal Improvements on Property 2; and
- The preparation of Building Pads and related improvements on Parcels E, F and G and the buildings on Parcel E (if the Developer elects to construct the building on Parcel E), Parcel G (if the Developer elects

to construct the building on Parcel G) and Parcel F (if the Developer elects to construct the building on Parcel F – it being acknowledged that such building may be constructed either by the Developer or the Approved Parcel F Assignee) and related on-site utilities, improvements, landscaping, lighting, parking and driveways.

It should be noted, however, that the Developer has indicated a desire to proceed with development of the Property in one complete phase and that nothing in the DDA would prohibit this from occurring.

Pursuant to Health and Safety Code Section 33433 of the California Community Redevelopment Law, Keyser Marston and Associates (KMA) prepared a Summary Report dated November 2011 for the conveyance of the Property under the terms of the DDA. The Summary Report determined and the DDA acknowledges that the public funds of the Former Agency expended by the Successor Agency to acquire the Property, relocate its former tenants and demolish the existing structures, exceed the Purchase Price to be paid by the Developer for the Property (note, however, that the current appraisal of the Property estimates a nominal value). The difference between the Purchase Price and funds expended, together with the funds allocated for construction of the Public Improvements associated with the Project, constitutes a "Public Agency Subsidy". The Public Agency Subsidy is in consideration for the following:

- The construction by the Developer and/or its Assignees of an approximately 46,200-square-foot retail/commercial center on the Property in accordance with the DDA and permits issued by the City;
- The Developer's satisfactory construction of the Public Improvements as detailed below; and
- The Developer's and/or Assignee's maintenance and operation of the Project in accordance with the Grant Deeds for the Property and the Agreements Containing Covenants to be recorded concurrently with the conveyance of the Property to the Developer.

The following are the essential terms of the DDA:

- The Successor Agency will sell the Property to the Developer for \$1.00 and the Developer will construct a 46,200-square-foot, privately-owned retail center containing 7 retail/commercial buildings, and public improvements, including intersection improvements at Delaware, Palm and State Route 75 and other improvements (public improvements to be paid for by the Successor Agency with approximately \$2.2 million of Former Agency tax-exempt bond funds and approved on the Successor Agency's First ROPS).
- As a component of the Purchase Price for the Property, the Successor Agency will receive 1.5% of the gross sales price from the first arm's-length sale of each portion of the Property by the Developer (defined in the DDA as the Participation Component), in any number of transactions over any period of time, if any, excluding the sale of Parcel A and Parcel F upon certain conditions including, without limitation, if the Developer conveys these parcels for development by an end user in accordance with the terms of the DDA. However, except as otherwise exempted from the Participation Component, if the Developer constructs the Vertical Improvements on Parcel F, and subsequently sells Parcel F, the gross sales price from such sale shall be subject to the 1.5 % Participation Component.
- The Developer has 28 months from execution of the DDA to satisfy the Phase 1 conditions, the Close of Escrow and start of construction. The Developer has 33 months from the conveyance date to complete the construction of Phase 1. The Successor Agency's "right of reverter" in connection with the Property is exercisable as to any uncompleted Parcels if the Successor Agency terminates DDA for uncured default after Close of Escrow but before completion of construction.
- The Developer will assign its rights under the DDA for Parcel A to an end user who will be required to construct and open an approximately 14,800-square-foot grocery or supermarket, in accordance with all DDA requirements.

- The Successor Agency will have an option to re-purchase Parcels E, F and G for \$1.00 if the Phase 2 Closing does not occur within 51 months of the Effective Date of the DDA. The Successor Agency will remove the Option Agreement secured by Parcels E, F and G when the Developer meets all conditions precedent to the start of Phase 2. Specifically, prior to the Phase 2 Closing, the Developer will submit to the Successor Agency evidence of binding commitments from the Parcel F Assignee for the construction and operation of a 5,000- to 15,000-SF retail store, if applicable, and commitments from tenants to lease space in Parcels E and G, if any.
- Subject to the conditions precedent set forth in Section 219.e. of the DDA, the Successor Agency agreed to pay to or for the benefit of, or reimburse, the Developer for the cost of designing, permitting, constructing and installing certain Public Improvements described in Section 219.c. of the DDA (and summarized below), not to exceed the amount of \$2.2 million. Please note that the funds used to pay for the Public Improvements are 2010 Former Agency tax-exempt bond proceeds and that the expenditure of these proceeds toward the Project were included for this purpose in the First Recognized Obligation Payment Schedule (ROPS) for the period of January 1, 2012 to June 30, 2012 which was approved by the Successor Agency and the Oversight Board and not disputed by the Department of Finance. Additionally, the Official Statement and the Certificate Regarding Use of Proceeds in connection with the bond issuance specifically identify "Palm Avenue Corridor Improvements" as one of the projects to be carried out with the bond proceeds. Therefore, use of the bond proceeds for the purposes of constructing the Public Improvements is consistent with the bond issuance documents including, without limitation, furthering the bond covenants and also preserves the tax-exempt status of the bonds.

#### Public Improvements to be Constructed Pursuant to the DDA

The Public Improvements associated with the Project consist of the design, permitting, construction and installation of the work reflected on the construction drawings for the Public Improvements, including without limitation, the following:

- (a) The intersection improvements at Delaware, Palm Avenue/State Route 75 (defined in the DDA as the "Highway 75 Access Improvements") including, without limitation, the following:
  - Removal of existing median and pavement between Palm Avenue/State Route 75 and the Property entrance;
  - Removal of existing curb/gutter, median and pavement along the southern side of Palm Avenue/State Route 75, between 7<sup>th</sup> Street and State Route 75;
  - Construction of new curb/gutter, pavement and median on Palm Avenue/State Route 75 between 7<sup>th</sup> Street and State Route 75;
  - Installation of landscaping and irrigation and storm water treatment "garden";
  - Installation of new street lights; and
  - Any other Cal-Trans requirements relating to the foregoing public improvements.
- (b) Moving of traffic signals and interconnection of traffic signals and construction of curbs, gutters, sidewalks and landscaping on Palm Avenue and 9<sup>th</sup> Street;
- (c) All existing and proposed utilities within the boundary of the Property, or within any public right-of-way abutting the boundary shall be placed underground (conversion) to the reasonable satisfaction of the City Engineer. The Developer is responsible for complying with the requirements of and making such arrangements with each serving and impacted utility company for the conversion or additional installation of such facilities (defined in the DDA as the "Underground Utilities");

- (d) Removal and replacement of the concrete alley at the south end of the Property to the reasonable satisfaction of the City Engineer, including the adjustment to grade and/or replacement of all utility covers in such alley. The concrete section shall be designed to support the imposed load of fire apparatus to withstand a minimum 95,000 pound vehicle load (defined in the DDA as the "Alley Improvements"); and
- (e) The existing traffic signal pole signaling left turns from Westbound Silver Strand Boulevard to Palm Avenue shall be removed and replaced to the reasonable satisfaction of the City Engineer (defined in the DDA as the "New Traffic Signal").

The Public Improvements funded pursuant to the DDA and constructed as part of the Project will be publicly-owned by the City when completed. Because of the nature of these Public Improvements, the City is the most appropriate public jurisdiction to own these Public Improvements. The Public Improvements, once completed, will benefit the Project Area by helping to eliminate blight and by serving as a catalyst by providing an incentive for future private development and investment, thereby contributing to the removal of economic blight. Further, the Public Improvements, once completed, will enhance the public right-of-way and replace public improvements that are currently inadequate or non-existent, and will provide improved pedestrian access to public and private properties.

### **FISCAL IMPACTS/ECONOMIC BENEFITS:**

#### **Financial/Re-Use Analysis and Purchase Price**

Acquisition of the Property was completed in February 2009 and was purchased with a combination of Former Agency and City funds. At the time of approval of the DDA, the City Council of the City was required to make the finding, pursuant to the California Community Redevelopment Law, that the price to be paid for the Property by the Developer would not be less than either of the following:

- (1) the fair market value at highest and best use under the Redevelopment Plan, or
- (2) the fair re-use value, taking into account the uses, covenants, conditions, and development costs required by the DDA.

The Summary Report prepared by KMA, determined that finding (2) could be made. Specifically, the estimated compensation of \$1 for the sale of the Property and the fair re-use value of the Property was determined to be *negative* \$50,000. The Summary Report provided further justification for the Former Agency's financial participation in the Project. The compensation to the Successor Agency is lower than the fair market value at its highest and best use for the following reasons:

- The DDA imposes a covenant on the use of the Property so that it can only be used for the development and operation of a retail center, generally consistent with the information submitted as part of the Developer's proposal to the Former Agency and the City.
- The DDA imposes a covenant on the use of Parcel A for the construction and operation of a neighborhood market, and requires that it must be opened and operated for at least one day.
- The DDA imposes the obligation on the Developer and its contractors to comply with applicable governmental requirements, including (to the extent applicable) the payment of State prevailing wages during construction.
- The Developer is required by the DDA to develop a first class, signature commercial/retail development that incorporates high quality features. Moreover, the Developer is required by the DDA to adhere to the Schedule of Performance, notwithstanding current market and financing conditions for new commercial/retail development.

- The DDA includes an Option Agreement that enables the Successor Agency the right to take back Parcels E, F and G if the Developer fails to meet the conditions precedent to start Phase 2 of the Project. As a result, the Developer will be unable to obtain financing secured by Property 2 until these conditions have been met.
- The DDA imposes, as part of the Purchase Price, the obligation on the Developer to pay to the Successor Agency 1.5% of the gross sales price from the first arm's length sale of each portion of the Property by the Developer, excluding the sale of Parcel A and Parcel F upon certain conditions including, without limitation, if the Developer assigns these parcels to another entity pursuant to the terms of the DDA.

Recently, an appraisal of the Property was conducted on behalf of the Successor Agency. The results of the appraisal, dated July 10, 2012, took into consideration the approved entitlements for the Property, the physical constraints of the Property and the conditions upon which the City or Successor Agency would approve any future development of the Property. Given this information, the Property was determined to have "nominal value". That is, due to the significant required on- and off- Site improvement costs necessary to prepare the Property for development, together with the costs necessary to provide adequate access to the Property, the costs would exceed the Property's potential value. A copy of the appraisal dated July 10, 2012 is attached to this Plan. As such, development of the Property pursuant to the terms of the DDA would benefit not only the Successor Agency and the City, but also the State and other affected taxing entities as further detailed below, and is the best viable option for long-term economic benefit to all taxing entities.

Further, as indicated in the appraisal, San Diego County's retail market is still experiencing the impact of the market recession although a few projects are moving forward, and retail and office rents remain soft. Additionally, as indicated in the appraisal, experts have agreed that San Diego County's office market will likely continue at a slow pace over the next few years as recovery from the recession occurs. Therefore, it is a tremendous benefit to the State and other affected taxing entities, including the City, to have available for immediate development the currently vacant Property into the economically productive Project as described in the DDA.

In order to assess the economic benefit of the Project as described in the DDA that the State and other affected taxing entities, including the City, would derive from the development of the Project on the Property in accordance with terms of the DDA, KMA carried out a detailed analysis of the Project. The analysis resulted in the following tax projections:

**The Developer Proceeds with Approved Development Under DDA**

	<b>State of California</b>	<b>County of San Diego</b>	<b>City of Imperial Beach</b>	<b>TransNet</b>	<b>K-14 School Districts</b>	<b>Total</b>
<b>Annual Sales Tax</b>	\$700,000	-	\$112,000	\$56,000	-	\$868,000
<b>Annual Property Tax</b>	-	\$32,000	\$26,000	-	\$63,000	\$121,000
<b>Total Annual Sales &amp; Property Tax</b>	<b>\$700,000</b>	<b>\$32,000</b>	<b>\$138,000</b>	<b>\$56,000</b>	<b>\$63,000</b>	<b>\$989,000</b>

It should be noted that the above table includes only the largest affected taxing entities and does not include those receiving less than 0.50% of the 1.0% property tax. According to the KMA analysis, if the Project is developed on the Property by the Developer under the terms of the DDA, the Project would have an overall assessed value of approximately \$12,290,000 and would generate estimated annual taxable sales of approximately \$11,196,000. This, in turn, would generate annual property tax of approximately \$121,000, with more than 50% (\$63,000) going to the South Bay Union, Sweetwater Union and Southwestern Community

College districts and would generate approximately \$868,000 of annual sales tax, with over 80% (\$700,000) going to the State of California.

Beyond the direct economic benefits of the Project, KMA also analyzed the potential impacts to employment if the Project is constructed on the Property under the terms of the DDA. Based upon this analysis, it is estimated that the development of the Project on the Property would create both short-term construction and long-term permanent employment opportunities as follows:

	<b>The Developer Proceeds with New Development</b>	
	<b>Direct Impacts of Construction</b>	<b>Total Impact of Construction Including Direct, Indirect and Induced Impacts</b>
<p><b>Economic Impacts of Construction:</b></p> <p>Economic Output Payroll Employment (during one year construction period)</p>	<p>\$12.5 million \$3.9 million 68 workers</p>	<p>\$17.0 million \$5.3 million 98 workers</p>
<p><b>Permanent Employment:</b></p> <p>Project Description Employment @ Total Permanent Jobs (FTEs)</p>	<p>46,200 square feet of development 3.00 jobs/1,000 square feet 139 jobs</p>	

A more detailed description and analysis of these employment impacts are attached. Generally speaking, the analysis provided by KMA determined that, assuming a one-year construction period, the development of the Project on the Property under the terms of the DDA would generate approximately 68 construction jobs with another 30 construction-related positions for a total of 98 short-term jobs during construction. The analysis further determined that development of the Project on the Property under the terms of the DDA, consisting of 46,200 square feet of commercial/retail development, would yield approximately 139 full-time jobs. It is also important to note that these employment impacts would create additional economic benefits to both the State and Federal governments in the form of income and other taxes. Additional analysis by KMA estimates the resulting State Income Tax generation during construction of the Project as follows:

### Estimate of State Income Tax From Construction Employment

	Direct Construction	Indirect Construction	Total
Average Annual Construction Employment (person years)	56	12	68
Average Pay	\$52,000	\$83,000	
Total Income Tax Rate	\$2,910,000	\$968,000	\$3,878,000
California Income Tax Rate	9.3%	9.3%	9.3%
Number of Years to Construct	1.0 Year	1.0 Year	1.0 Year
<b>Total State Income Tax During Construction Period</b>	<b>\$271,000</b>	<b>\$90,000</b>	<b>\$361,000</b>

Additionally, beyond these economic benefits, at today's rates, the Project would also generate school fees in the amount of \$22,236 to the Sweetwater Union High School District and \$6,930 to the South Bay Union School District.

Based upon this analysis, the State would receive the greatest benefit both during construction (\$361,000 in State Income Tax) and during operation of the Project (\$700,000 in annual retail sales tax). The State would also benefit from State Income Tax generated from the estimated 139 full-time workers employed at the new shopping center. These figures, however, have not been calculated.

#### **SUMMARY:**

Development of the Project on the Property in accordance with the terms of the DDA will generate substantial short-term and long-term economic benefits not only to the Successor Agency and the City, but also to the State and all other affected taxing entities. The Project is not only projected to generate an annual and on-going flow of sales tax to both the State and the City, but it will also generate annual and on-going property tax to all affected taxing entities. Development of the Project on the Property in accordance with the DDA will also provide significant State and Federal economic benefits from income taxes generated through construction-related and full-time jobs both during construction and from the long-term operation of the Project. An appraisal dated July 10, 2012, determined that, given the significant physical and other constraints necessary to prepare the Property for development, the Property has "nominal value". Given this nominal value, the economic benefits derived from development of the Project on the Property by the Developer in accordance with the terms of the DDA would far surpass what might be obtained by sale of the Property in its current condition. In fact, given the afore-mentioned physical constraints of the Property, together with the lengthy and expensive entitlement process any future owner of the Property would have to pursue, it is likely that the Property would not be developed for another several years at least, resulting in no short-term economic benefits and little to no long-term economic benefits. Finally, what should not be overlooked is the potential catalytic benefit this type of development will have throughout the City. Projects of this size and quality typically result in improvements to adjacent and nearby properties. To that end, speculation and interest in nearby properties has already been noted as have inquiries by other existing and potential property owners eager to see this Property developed and the Project constructed as contemplated by the DDA.

**Seacoast Inn Property  
800 Seacoast Drive (APN 625-262-02)**

- Purpose:** To address the disposition and use of real properties of the former redevelopment agency
- Due:** No later than six (6) months following the issuance to the successor agency of the Finding of Completion
- Contents:** The Long Range Property Management Plan shall include an inventory of all properties in the trust. The inventory shall consist of all of the following information:
- 1) 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
  - 2) The purpose for which the property was acquired
  - 3) Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan
  - 4) An estimate of the current value of the parcel including, if available, any appraisal information
  - 5) 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
  - 6) The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts
  - 7) A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency
  - 8) A brief history of previous development proposals and activity, including the rental or lease of the property

The Long-Range Property Management Plan shall 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 (above), the proceeds from the sale shall be distributed as property tax to the taxing entities
- C. Property shall not be transferred to a successor agency, 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

**Property:** Seacoast Inn Property (Pier South Hotel)  
**Date of Acquisition:** March 9, 2011; transferred to Successor Agency on December 28, 2012  
**Value at Acquisition:** \$5,760,000  
**Estimate of Current Value:** \$5,760,000 (this value is solely an estimate based on the Appraisal dated October 15, 2010. Since the Appraisal is over two years old, the value of the Property may likely have fluctuated).  
**Purpose of Acquisition:** To facilitate/effectuate redevelopment of a dilapidated 38-room hotel/motel into a four-story, 78-room, full-service hotel and restaurant

**Parcel Data:**

**Property Address:** 800 Seacoast Drive, Imperial Beach, CA 91932

**Assessor Parcel No.** 625-262-02

**Lot Size:** 49,400 square feet (1.134 acres)

**Current Zoning:** C-2 Seacoast Commercial Zone (C/MU-2 per recent Zoning Amendment) per the City's Zoning Code, General Plan/Local Coastal Program and Sections 210 and 230 of the Redevelopment Plan for the Palm Avenue/Commercial Redevelopment Project (Amendment No. 1). The property is also subject to a Specific Plan & General Plan Amendment approved by the City Council on December 5, 2007 which specifies the development of the site as a full-service, four-story hotel with restaurant and conference facilities (Ordinance No. 2007-1060).

**Estimate of Current Value:** \$5,760,000 (this value is solely an estimate based on the Appraisal dated October 15, 2010). Since the Appraisal is over two years old, the value of the Property may likely have fluctuated.

**Appraisal Date:** October 15, 2010

**Estimated Revenues:** Per DDA – Maximum of \$55.00 of lease revenue (\$1.00 per year) to Successor Agency over 55-years; \$11.00 in lease and sales revenue if Developer's Assignee exercises Purchase Option after 10 years (\$1.00 per year and \$1.00 purchase price)

**Environmental Contamination History:**

**Studies Conducted:** Geotechnical, Soils Report and Site Assessment

**Remediation:** No contaminants identified, no remediation required

**Brownfield Status:** N/A

**Transit-Oriented Development Potential:** This Property is currently under construction and nearing completion. However, the Property is located on Seacoast Drive, the first main-street and prime transit corridor running parallel to the coast of Pacific Ocean. This Property and the properties surrounding it are zoned as Seacoast Commercial and Mixed-Use (C/MU-2) under the City's General Plan and Zoning Ordinance. Additionally, the San Diego Regional Association of Governments (SANDAG) has designated the entire segment of Seacoast Drive within the C/MU-2 Zone as a "Mixed-Use Transit Corridor" on their Smart Growth

Concept Map. There are bus stops located throughout the corridor including one directly across the street and less than 70 feet from the newly-developed hotel. As such, this Property would easily meet the objectives of Transit-Oriented Development.

**Planning Objectives of the Successor Agency:** The planning objectives for this property are contained in the City's Zoning Code, General Plan/Local Coastal Plan and the Redevelopment Plan for the Palm Avenue/Commercial Redevelopment Project (Amendment No. 1). The zoning, General Plan and Redevelopment Plan designation for this area is "C-2 Seacoast Commercial" which is intended to provide for land to meet the demand for goods and services required primarily by the tourist population, as well as local residents who use the beach area. It is intended that the dominant type of commercial activity in this area will be visitor serving retail such as specialty stores, surf shops, restaurants, hotels and motels. Additionally, both the Economic Development Plan and the Five-Year Implementation Plans adopted by the former Redevelopment Agency and now administered by the Successor Agency contain specific goals to increase visitor serving uses and promote recreation, hotel and resort oriented uses within the Seacoast Drive corridor.

#### **Development Proposal History:**

- November 21, 2007 – Development Agreement, Coastal Development Permit, Specific Plan Approval & EIR Certification by Imperial Beach City Council
- December 5, 2007 – Second Reading of Ordinances approving Development Agreement and Specific Plan
- April 10, 2008 – Coastal Commission approval (on appeal) of Coastal Development Permit A-6-IMB-07-131
- December 11, 2008 – Coastal Commission approval of revised findings for Coastal Development Permit A-6-IMB-07-131
- September-October 2010 – Demolition of existing structures
- December 1, 2010 – Imperial Beach Redevelopment Agency approval of DDA between the Imperial Beach Redevelopment Agency and Imperial Coast, L.P. and Addendum to the EIR
- December 16, 2010 – Execution of Disposition and Development Agreement (DDA) between Imperial Beach Redevelopment Agency and Imperial Coast, L.P.
- March 9, 2011 – Property Acquisition and Grant Deed Recordation pursuant to the terms the DDA
- March 10, 2011 – Ground Lease between Imperial Beach Redevelopment Agency and Seacoast Inn, L.P. executed pursuant to the terms of the DDA. Other closing documents required by the terms of the DDA executed by the Imperial Beach Redevelopment Agency and Seacoast Inn, L.P.
- March 28, 2011 – Commencement of construction
- October 3, 2012 – Imperial Beach Redevelopment Agency Successor Agency authorizes acceptance of the Property and reaffirms its rights and obligations under the DDA
- December 28, 2012 – Property transferred to Imperial Beach Redevelopment Agency Successor Agency

**Use or Disposition of the Property:** This Property must be retained to fulfill an enforceable obligation pursuant to Assembly Bill No. X1 26 as amended by Assembly Bill No. 1484 ("Dissolution Act"). The retention of the Property is required pursuant to the terms of the Disposition and Development Agreement ("DDA") executed on December 16, 2010, by and between the former Imperial Beach Redevelopment Agency ("Redevelopment Agency") and Imperial Coast, L.P., a California limited partnership ("Developer"). The DDA and all related documents executed by the former Redevelopment Agency constitute enforceable obligations of the former

Redevelopment Agency and now the Successor Agency pursuant to the Dissolution Act. Fee title of the Property is owned by the Successor Agency. In furtherance of the DDA, the Property is ground leased to Developer's Assignee, Seacoast Inn, L.P., a California limited partnership, for one dollar (\$1.00) per year pursuant to the terms of a fifty-five (55) year term Ground Lease entered into by and between the former Redevelopment Agency and Seacoast Inn, L.P. on March 15, 2011. Pursuant to the DDA and the Ground Lease, Seacoast Inn, L.P. is obligated to develop and operate a full-service beach resort hotel and appurtenant parking facilities. At any time commencing upon completion of the project and ending upon expiration of the term of the Ground Lease, Seacoast Inn, L.P. may purchase the Property for one dollar (\$1.00) upon meeting certain conditions precedent.

The use of the Property for the purposes provided in the DDA and the Ground Lease constitute enforceable obligations as the Property is contractually obligated to a private third party through the underlying DDA that was executed on December 16, 2010. The Successor Agency intends, therefore, to honor the obligations and requirements of the DDA and all related documents executed by the former Redevelopment Agency and continue to lease the Property to the Seacoast Inn, L.P. pursuant to the Ground Lease, provided for under the terms of the DDA, for one dollar (\$1.00) per year. Further, pursuant to the DDA, Ground Lease and related documents executed by the former Redevelopment Agency, upon completion of the project and ending upon expiration of the term of the Ground Lease, Seacoast Inn, L.P. may purchase the Property from the Successor Agency for one dollar (\$1.00) upon meeting certain conditions precedent. If and when Seacoast Inn, L.P. exercises this option to purchase the Property and upon complete satisfaction of the conditions precedent, the Successor Agency similarly intends to honor the obligations and requirements of the DDA, Ground Lease and related documents executed by the former Redevelopment Agency and sell the Property to Seacoast Inn, L.P.

#### **ATTACHMENTS:**

##### **9<sup>th</sup> & Palm Attachments:**

1. Disposition and Development Agreement (DDA)
2. DDA Letter Amendments
3. Appraisal – July 10, 2012
4. Keyser Marston Associates Fiscal Impact Analysis
5. Oversight Board Agenda Item – September 12, 2012
6. Oversight Board Resolution No. OB-12-10 – September 12, 2012
7. Plans
8. Entitlements

##### **Seacoast Inn (Pier South) Attachments:**

9. Disposition and Development Agreement – December 16, 2010
10. Ground Lease
11. Option Agreement

**RESOLUTION NO. OB-13-28**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE AMENDED LONG RANGE PROPERTY MANAGEMENT PLAN PREPARED PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34191.5**

**WHEREAS**, the Imperial Beach Redevelopment Agency ("Redevelopment Agency") was a redevelopment agency in the City of Imperial Beach (the "City"), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

**WHEREAS**, Assembly Bill No. X1 26 (2011-2012 1<sup>st</sup> Ex. Sess.) ("AB 26") was signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and to the California Health and Safety Code ("H&S Code"), including adding Part 1.8 (commencing with Section 34161) ("Part 1.8") and Part 1.85 (commencing with Section 34170) ("Part 1.85") to Division 24 of the H&S Code; and

**WHEREAS**, pursuant to AB 26, as modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and expeditiously winding down the business and fiscal affairs of the former redevelopment agencies; and

**WHEREAS**, the City Council of the City adopted Resolution No. 2012-7136 on January 5, 2012, pursuant to Part 1.85 of AB 26, electing for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB 26 ("Successor Agency"); and

**WHEREAS**, on February 15, 2012, the Board of Directors of the Successor Agency, adopted Resolution No. SA-12-01 naming itself the "Imperial Beach Redevelopment Agency Successor Agency," the sole name by which it will exercise its powers and fulfill its duties pursuant to Part 1.85 of AB 26, and establishing itself as a separate legal entity with rules and regulations that will apply to the governance and operations of the Successor Agency; and

**WHEREAS**, as part of the FY 2012-2013 State budget package, on June 27, 2012, the Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012). Although the primary purpose of AB 1484 was to make technical and substantive amendments to AB 26 based on issues that have arisen in the implementation of AB 26, AB 1484 imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind down process of former redevelopment agencies, including the preparation of a Long Range Property Management Plan ("LRPMP"); and

**WHEREAS**, on September 29, 2012, the Legislature passed and the Governor signed Assembly Bill No. 1585 ("AB 1585"), which further amended certain provisions of AB 26 as amended by AB 1484 (AB 26, AB 1484, and AB 1585 are collectively referred to herein as the "Dissolution Act"); and

**WHEREAS**, H&S Code Section 34179 of the Dissolution Act establishes a seven (7) member local entity with respect to each successor agency and such entity is titled the "oversight board." The oversight board has been established for the Successor Agency

(hereinafter referred to as the "Oversight Board") and all seven (7) members have been appointed to the Oversight Board pursuant to H&S Code Section 34179 of the Dissolution Act. The duties and responsibilities of the Oversight Board are primarily set forth in H&S Code Sections 34179 through 34181 of the Dissolution Act; and

**WHEREAS**, pursuant to H&S Code Section 34191.5(a) of the Dissolution Act, upon the issuance of the Finding of Completion to the Successor Agency, a Community Redevelopment Property Trust Fund ("Trust") will be established to serve as the repository of certain real properties of the former Redevelopment Agency that are identified in the Due Diligence Reviews ("DDR") by H&S Code Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the DOF's Guidelines for the DDRs). The Trust shall be administered by the Successor Agency; and

**WHEREAS**, pursuant to H&S Code Section 34191.5(b) of the Dissolution Act, once the California Department of Finance ("DOF") issues a Finding of Completion to the Successor Agency, the Successor Agency shall prepare a LRPMP that addresses the disposition and use of certain real properties of the former Redevelopment Agency. The LRPMP shall be submitted to the Oversight Board and the DOF for approval no later than 6 months following the issuance of the Finding of Completion to the Successor Agency; and

**WHEREAS**, pursuant to H&S Code Section 34191.4(a) of the Dissolution Act, upon the approval of the LRPMP by the DOF, all real property and interests in real property identified in the DDRs by H&S Code Section 34179.5(c)(5)(C) of the Dissolution Act shall be transferred to the Trust, unless such a property is subject to the requirements of any existing enforceable obligation; and

**WHEREAS**, H&S Code Section 34191.5(c) of the Dissolution Act requires that the LRPMP (1) include an inventory of all properties in the Trust, which inventory shall consist of specific information relating to each such property including, without limitation, the date of and purpose for acquisition, value of property, applicable zoning, any property revenues and contractual requirements for disposition of same, history of environmental issues and any related studies and remediation efforts, potential for transit-oriented development and advancement of planning objectives of the Successor Agency, and history of previous development proposals and activity; and (2) address the use or disposition of all properties in the Trust, including (i) the retention of such property for governmental use pursuant to H&S Code Section 34181(a) of the Dissolution Act, (ii) the retention of such property for future development, (iii) the sale of such property, or (iv) the use of such property to fulfill an enforceable obligation; and

**WHEREAS**, on April 12, 2013, the Successor Agency received its Finding of Completion. However, before receiving the Finding of Completion, the Successor Agency prepared the original LRPMP ("Original LRPMP") and submitted it to the Successor Agency, Oversight Board, and DOF for approval in February 2013; and

**WHEREAS**, in accordance with the Dissolution Act, the Original LRPMP included three (3) real properties ("Properties") previously owned by the former Redevelopment Agency and now owned in fee by the Successor Agency. These properties are described as: (1) 741-849 Palm Avenue; (2) 735 Palm Avenue; and (3) 800 Seacoast Drive, all of which are located in the City of Imperial Beach. The first two properties are referred to herein as the "Palm Ave. Properties" and the third property is referred to herein as the "Seacoast Inn Property"; and

**WHEREAS**, after issuance of the Finding of Completion to the Successor Agency and review of the Original LRPMP, the DOF issued a letter to the Successor Agency dated July 30,

2013, stating that the DOF did not approve the Original LRPMP because of the manner in which the Successor Agency proposed to dispose of the Palm Ave. Properties. The DOF had no comment in its July 30, 2013 letter on the Original LRPMP's discussion of the Seacoast Inn Property. The DOF further stated that it was returning the Original LRPMP to the Oversight Board for reconsideration; and

**WHEREAS**, in light of the DOF's July 30, 2013 letter and its determination not approving the Original LRPMP, the Successor Agency has prepared the proposed amended LRPMP ("Amended LRPMP") for consideration by the Successor Agency, the Oversight Board and the DOF; and

**WHEREAS**, on October 2, 2013, the Successor Agency approved the proposed Amended LRPMP. The proposed Amended LRPMP, as approved by the Successor Agency, is attached as Attachment No. 2 to the Staff Report prepared for this Agenda Item, and is presented to the Oversight Board for review and approval; and

**WHEREAS**, the Amended LRPMP includes the Properties originally included in the Original LRPMP; namely, the Palm Ave. Properties and the Seacoast Inn Property. Each of these Properties were identified in the Non-Housing DDR by H&S Code Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the DOF's Guidelines for the DDRs). No real property assets were identified in the Housing DDR by H&S Code Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the DOF's Guidelines for the DDRs); and

**WHEREAS**, for each of the Properties, the Amended LRPMP includes all of the information required by H&S Code Section 34191.5(c) of the Dissolution Act and their respective use and disposition are in accordance with the Dissolution Act; and

**WHEREAS**, pursuant to H&S Code Section 34191.5(c)(2) of the Dissolution Act, the two Palm Ave. Properties are proposed to be sold by the Successor Agency to Sudberry-Palm Avenue LLC ("Sudberry"), a private third party developer, pursuant to a proposed Purchase and Sale Agreement ("Purchase Agreement"); and

**WHEREAS**, the proposed Purchase Agreement was approved by the Successor Agency at its meeting conducted on October 2, 2013 prior to the Successor Agency's approval of the Amended LRPMP. Further, the proposed Purchase Agreement will have been considered for approval by the Oversight Board at the same meeting but prior to the Oversight Board's consideration of the proposed Amended LRPMP. The proposed Purchase Agreement will likewise be submitted to the DOF for review concurrently with the proposed Amended LRPMP if approved by the Oversight Board; and

**WHEREAS**, in accordance with the appraised value of the Palm Ave. Properties (in addition to certain City public rights-of-way to be vacated by the City) (collectively, the "Site"), as set forth in the appraisal dated September 10, 2013, attached to the Amended LRPMP, and pursuant to Section 201 of the proposed Purchase Agreement, the "Purchase Price" (the monetary consideration payable to the Successor Agency by Sudberry as the Purchaser) for the Site includes the following two components: (a) the payment of the sum of \$213,000, in cash, at the Close of Escrow; and (b) payment of the Participation Component in accordance with the proposed Payment Agreement (attached to the proposed Purchase Agreement), equal to one and one-half percent (1.5%) of the gross sales price from the first arm's-length sale of each Parcel or Parcels of the Site (or any portion thereof) by Purchaser in any number of transactions which is completed within the first Fifty-Five (55) years from the Effective Date of the Purchase Agreement, if any; and

**WHEREAS**, the anticipated sale proceeds from the Successor Agency's sale of the Palm Ave. Properties (in addition to certain City public rights-of-way to be vacated by the City) to Sudberry as the Purchaser pursuant to the proposed Purchase Agreement in the amount of \$213,000 will be remitted after the Close of Escrow to the San Diego County Auditor-Controller's Office for distribution to the taxing entities in accordance with H&S Code Section 34191.5(c)(2)(B) of the Dissolution Act. In addition, any funds received by the Successor Agency pursuant to the Participation Component of the Purchase Price, pursuant to a qualifying sale in accordance with the proposed Payment Agreement, will likewise be remitted to the San Diego County Auditor-Controller's Office for distribution to the taxing entities in accordance with H&S Code Section 34191.5(c)(2)(B) of the Dissolution Act; and

**WHEREAS**, pursuant to H&S Code Section 34191.5(c)(2) of the Dissolution Act, the Seacoast Inn Property is being used to fulfill an enforceable obligation (including completion of the current development of a full-service beachfront hotel and appurtenant parking facilities (the "Hotel Project")) pursuant to a development agreement and a ground lease between the Redevelopment Agency and a third party developer/lessee, Seacoast Inn, L.P., a California limited partnership ("Seacoast Inn"); and

**WHEREAS**, the Seacoast Inn Property is the subject of that certain Disposition and Development Agreement ("DDA") dated December 16, 2010, and entered into by and between the Redevelopment Agency and Imperial Coast, L.P., a California limited partnership. The DDA was subsequently assigned by Imperial Coast, L.P. to its successor and related entity Seacoast Inn. Pursuant to the DDA, the Seacoast Inn Property has been ground leased to Seacoast Inn for one dollar (\$1.00) per year pursuant to the terms of a Fifty-Five (55) year term Ground Lease ("Ground Lease") dated March 15, 2011, and entered into by and between the Redevelopment Agency and Seacoast Inn. In accordance with both the DDA and the Ground Lease, Seacoast Inn has the option to purchase fee title of the Seacoast Inn Property from the Successor Agency for one dollar (\$1.00) after certain conditions precedent are fully and completely met. The DDA and the Ground Lease each constitute an enforceable obligation of the former Redevelopment Agency and now the Successor Agency pursuant to the Dissolution Act; and

**WHEREAS**, pursuant to H&S Code Section 34180(j) of the Dissolution Act, the Successor Agency submitted a copy of the proposed Amended LRPMP to the San Diego County Administrative Officer, the San Diego County Auditor-Controller, and the DOF at the same time that the Successor Agency submitted it to the Oversight Board for approval; and

**WHEREAS**, pursuant to H&S Code Section 34191.3 of the Dissolution Act, once the Amended LRPMP is approved by the DOF, the Amended LRPMP shall govern, and supersede all other provisions of the Dissolution Act relating to, the disposition and use of the Properties; and

**WHEREAS**, the activity proposed for approval by this Resolution has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000 *et seq.*, hereafter the "Guidelines"), and the City's environmental guidelines; and

**WHEREAS**, the activity proposed for approval by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines. In this regard, the projects associated with the Properties identified in the Amended LRPMP, along with their respective contractual agreements, have been reviewed and analyzed pursuant to CEQA and their required environmental documents have been prepared, circulated and approved/certified by the appropriate lead agency; 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 of the Imperial Beach Redevelopment Agency Successor Agency, as follows:

- Section 1.** The Oversight Board hereby determines that the foregoing recitals are true and correct and are a substantive part of this Resolution.
- Section 2.** The Oversight Board hereby approves the Amended Long Range Property Management Plan ("Amended LRPMP"), substantially in the form attached as Attachment No. 2 to the Staff Report prepared for this Agenda Item.
- Section 3.** The Oversight Board hereby authorizes and directs the Executive Director, or designee, of the Successor Agency to remit to the San Diego County Auditor-Controller's Office for distribution to the taxing entities in accordance with H&S Code Section 34191.5(c)(2)(B) of the Dissolution Act the proceeds of the Purchase Price that are received by the Successor Agency from the Successor Agency's sale of the Palm Ave. Properties (in addition to certain City public rights-of-way to be vacated by the City) to Purchaser pursuant to the proposed Purchase and Sale Agreement including (i) the cash in the amount of \$213,000 to be received by the Successor Agency at the Close of Escrow and (ii) any funds received by the Successor Agency pursuant to the Participation Component of the Purchase Price, pursuant to a qualifying sale in accordance with the proposed Payment Agreement.
- Section 4.** The Oversight Board hereby authorizes and directs the Executive Director, or designee, of the Successor Agency to: (i) submit the Amended LRPMP, as approved by the Oversight Board, to the California Department of Finance ("DOF") electronically in PDF format and to the San Diego County Auditor-Controller; (ii) post a copy of the Amended LRPMP, as approved by the Oversight Board, on the Successor Agency's internet website; (iii) revise the Amended LRPMP and make such changes and amendments as necessary, before official submittal of the Amended LRPMP to the DOF, in order to complete the Amended LRPMP in the manner provided by the DOF and to conform the Amended LRPMP to the form or format as prescribed by the DOF; (iv) make non-substantive changes and amendments to the Amended LRPMP deemed necessary and as approved by the Executive Director of the Successor Agency and its legal counsel; and (v) take such other actions and execute such other documents as are necessary to effectuate the intent of this Resolution on behalf of the Successor Agency and the Oversight Board.
- Section 5.** The Oversight Board determines that the activity approved by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines.

**Section 6.** The adoption of this Resolution is not intended to and shall not constitute a waiver of any constitutional, legal or equitable rights that the Successor Agency may have to challenge, through any administrative or judicial proceedings, the effectiveness and/or legality of all or any portion of the Dissolution Act, any determinations rendered or actions or omissions to act by any public agency or government entity or division in the implementation of the Dissolution Act, and any and all related legal and factual issues, and the Successor Agency expressly reserved any and all rights, privileges, and defenses available under law and equity.

**Section 7.** If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that its Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

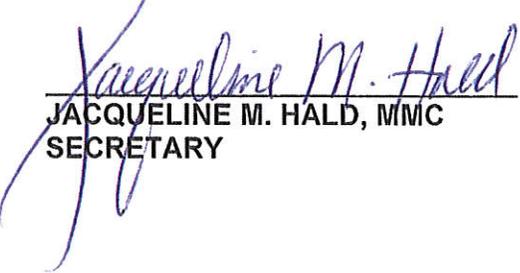
**Section 8.** This Resolution shall take effect upon the date of its adoption and is subject to review by the DOF in accordance with H&S Code Section 34191.5(b) of the Dissolution Act.

**PASSED, APPROVED, AND ADOPTED** by the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency at its meeting held on the 9<sup>th</sup> day of October 2013, by the following vote:

<b>AYES:</b>	<b>BOARD MEMBERS:</b>	<b>YANDA, WEST, SAADAT, FERNANDEZ, WINTER, HENTSCHE, FOLTZ</b>
<b>NOES:</b>	<b>BOARD MEMBERS:</b>	<b>NONE</b>
<b>ABSENT:</b>	<b>BOARD MEMBERS:</b>	<b>NONE</b>

  
\_\_\_\_\_  
**MAYDA C. WINTER**  
**CHAIRPERSON**

**ATTEST:**

  
\_\_\_\_\_  
**JACQUELINE M. HALD, MMC**  
**SECRETARY**



## LONG-RANGE PROPERTY MANAGEMENT PLAN CHECKLIST

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**Instructions:** Please use this checklist as a guide to ensure you have completed all the required components of your Long-Range Property Management Plan. Upon completion of your Long-Range Property Management Plan, email a PDF version of this document and your plan to:

[Redevelopment\\_Administration@dof.ca.gov](mailto:Redevelopment_Administration@dof.ca.gov)

The subject line should state "[Agency Name] Long-Range Property Management Plan". The Department of Finance (Finance) will contact the requesting agency for any additional information that may be necessary during our review of your Long-Range Property Management Plan. Questions related to the Long-Range Property Management Plan process should be directed to (916) 445-1546 or by email to [Redevelopment\\_Administration@dof.ca.gov](mailto:Redevelopment_Administration@dof.ca.gov).

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Pursuant to Health and Safety Code 34191.5, within six months after receiving a Finding of Completion from Finance, the Successor Agency is required to submit for approval to the Oversight Board and Finance a Long-Range Property Management Plan that addresses the disposition and use of the real properties of the former redevelopment agency.

### GENERAL INFORMATION:

Agency Name: **Imperial Beach Redevelopment Agency Successor Agency**

Date Finding of Completion Received: **April 12, 2013**

Date Oversight Board Approved LRPMP: **Original Plan approved on February 13, 2013. Amended Plan approved on October 9, 2013**

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### Long-Range Property Management Plan Requirements

For each property the plan includes the date of acquisition, value of property at time of acquisition, and an estimate of the current value.

Yes  No

For each property the plan includes the purpose for which the property was acquired.

Yes  No

For each property the plan includes the parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

Yes  No

For each property the plan includes an estimate of the current value of the parcel including, if available, any appraisal information.

Yes  No

For each property the plan includes 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.

Yes  No

For each property the plan includes the history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

Yes  No

For each property the plan includes a description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

Yes  No

For each property the plan includes a brief history of previous development proposals and activity, including the rental or lease of the property.

Yes  No

For each property the plan identifies the use or disposition of the property, which could include 1) the retention of the property for governmental use, 2) the retention of the property for future development, 3) the sale of the property, or 4) the use of the property to fulfill an enforceable obligation.

Yes  No

The plan separately identifies and list properties dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation.

Yes  No

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## ADDITIONAL INFORMATION

- If applicable, please provide any additional pertinent information that we should be aware of during our review of your Long-Range Property Management Plan.

There are three (3) real properties ("Properties") previously owned by the former Imperial Beach Redevelopment Agency ("Redevelopment Agency") that are included in the Amended Long-Range Property Management Plan ("Plan") and that were identified in the Non-Housing Due Diligence Review by California Health and Safety Code ("H&S Code") Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the Department of Finance's Guidelines for the DDR). These Properties are all currently owned by the Imperial Beach Redevelopment Agency Successor Agency ("Successor Agency") and are located in the City of Imperial Beach, County of San Diego, State of California, and described as follows: (1) 741-849 Palm Avenue; (2) 735 Palm Avenue; and (3) 800 Seacoast Drive. No real property assets were identified in the Housing Due Diligence Review by H&S Code Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the Department of Finance's Guidelines for the DDR).

For each of the Properties, the Plan includes all of the information required by H&S Code Section 34191.5(c) of the Dissolution Act. All three Properties and their respective dispositions in accordance with the Dissolution Act are discussed in detail in the Plan and summarized below:

**1. Properties Located at 741-849 Palm Avenue and 735 Palm Avenue (APN 626-250-03, 04, 05 and 06) – “Palm Avenue Properties”:**

Pursuant to H&S Code Section 34191.5(c)(2) of the Dissolution Act, the two Palm Avenue Properties are proposed to be sold by the Successor Agency to a private third party developer, Sudberry-Palm Avenue LLC, a California limited liability company (“Sudberry”), pursuant to a proposed Purchase and Sale Agreement (“Agreement”) that will be considered for approval by the Successor Agency and the Oversight Board and submitted to the Department of Finance (“DOF”) for review concurrently with the Plan. The Palm Avenue Properties will be discussed jointly and together in the Plan as they relate to the same proposed development project and will be sold to Sudberry pursuant to the same proposed Agreement. The anticipated sale proceeds from the Successor Agency’s sale of the Palm Avenue Properties (in addition to certain City of Imperial Beach (“City”) public rights-of-way to be vacated by the City) to Sudberry pursuant to the proposed Agreement in the amount of \$213,000 will be remitted after the Close of Escrow to the San Diego County Auditor-Controller’s Office for distribution to the taxing entities in accordance with H&S Code Section 34191.5(c)(2)(B) of the Dissolution Act.

The Palm Avenue Properties were the subject of an Exclusive Negotiation Agreement (“ENA”) entered into by and between the Redevelopment Agency and Sudberry Properties, Inc. on September 23, 2009 (and subsequently amended on March 17, 2010, January 4, 2011 and June 1, 2011) and have been the subject of on-going and continuous discussions and negotiations with Sudberry since execution of the ENA. Having received a Finding of Completion from the DOF dated April 12, 2013, the Successor Agency now intends, upon the DOF’s approval of the Plan, to dispose of the Palm Avenue Properties by selling them directly to Sudberry as the “Purchaser”, pursuant to H&S Code Section 34191.5(c)(2) under the terms of the proposed Agreement, to be submitted to and reviewed by the DOF concurrently with the Plan.

The proposed Agreement pertains to the development of the Palm Avenue Properties and additional land (certain City public rights-of-way) to be vacated by the City, comprising of approximately 4.75 acres located generally on the south side of Palm Avenue (State Route 75), between 7<sup>th</sup> Street and 9<sup>th</sup> Street, in the City of Imperial Beach, California, (collectively defined in the proposed Agreement as the “Site”). The proposed Agreement involves the sale of the Site from the Successor Agency directly to Sudberry as the Purchaser and Sudberry’s associated development of (i) a “Town Center” of new construction combining retail with commercial space in a pedestrian-friendly environment, consisting of approximately 46,200 square feet of building area in seven (7) buildings (designated in the proposed Agreement as Parcels “A” through “G”), surface parking consisting of approximately 238 parking stalls, landscaping, hardscaping, lighting, driveways, and related improvements (collectively defined in the proposed Agreement as the “Private Improvements”), and (ii) certain off-site public improvements, including without limitation intersection improvements at Delaware Avenue, Palm Avenue and State Route 75, and all associated improvements, curb, gutter, landscaping, traffic signal, alley and undergrounding improvements required for the “Town Center” Project, and any other Cal-Trans requirements (collectively defined in the proposed Agreement as the “Public Improvements”), (the Private Improvements and the Public Improvements are collectively defined in the proposed Agreement as the “Project”). The proposed Agreement further contemplates the City’s ownership of the Public Improvements to be constructed on and off the Site pursuant to the Agreement.

On October 9, 2013, concurrently with consideration of adopting a Resolution approving the Plan, the Oversight Board to the Successor Agency will consider adopting a Resolution approving, among other actions, (i) the terms of the proposed Agreement between the Successor Agency and Sudberry as the Purchaser, (ii) the sale and conveyance of the Palm Avenue Properties to Sudberry as the Purchaser pursuant to the terms of the proposed Agreement for development of the Project; (iii) the City’s ownership of the Public Improvements that will be constructed as part of the Project; and (iv) the Successor Agency’s distribution of the anticipated sale proceeds in the amount of \$213,000, from the

Successor Agency's sale of the Palm Avenue Properties (in addition to certain City public rights-of-way to be vacated by the City) to Sudberry pursuant to the proposed Agreement, to the San Diego County Auditor-Controller's Office for distribution to the taxing entities in accordance with H&S Code Section 34191.5(c)(2)(B) of the Dissolution Act.

**2. Property Located at 800 Seacoast Drive (APN 625-262-02) – “Seacoast Inn Property”:**

Pursuant to H&S Code Section 34191.5(c)(2) of the Dissolution Act, the Seacoast Inn Property is being used to fulfill an enforceable obligation (including completion of the current development of a full-service beachfront hotel and appurtenant parking facilities (the “Hotel Project”)) pursuant to a development agreement and a ground lease between the Redevelopment Agency and a third party developer/lessee, Seacoast Inn, L.P., a California limited partnership (“Seacoast Inn”).

Specifically, the Seacoast Inn Property is the subject of that certain Disposition and Development Agreement (“DDA”) dated December 16, 2010, and entered into by and between the Redevelopment Agency and Imperial Coast, L.P., a California limited partnership. The DDA was subsequently assigned to its successor and related entity Seacoast Inn. The DDA provides for (i) the Redevelopment Agency's acquisition of fee title of the Seacoast Inn Property and the Redevelopment Agency's subsequent ground lease of the Seacoast Inn Property to Seacoast Inn for its development of the Hotel Project, (ii) the payment by the Redevelopment Agency to Seacoast Inn for the cost of certain off-site Public Improvements and Plans, and (iii) the grant of an option to Seacoast Inn or its assignee to purchase fee title of the Seacoast Inn Property from the Redevelopment Agency (now the Successor Agency) for one dollar (\$1.00) upon the complete satisfaction of certain performance standards by Seacoast Inn or its assignee, in accordance with the terms of the DDA. Pursuant to the DDA, the Seacoast Inn Property has been ground leased to Seacoast Inn for one dollar (\$1.00) per year pursuant to the terms of a fifty-five (55) year term Ground Lease (“Ground Lease”) dated March 15, 2011, and entered into by and between the Redevelopment Agency and Seacoast Inn. The DDA and the Ground Lease each constitute an enforceable obligation of the Redevelopment Agency and now the Successor Agency pursuant to the Dissolution Act. As of this date, the Hotel Project provided for under the DDA is nearing completion of construction. In accordance with both the DDA and the Ground Lease, Seacoast Inn has the option to purchase fee title of the Seacoast Inn Property from the Successor Agency for one dollar (\$1.00) after certain conditions precedent are fully and completely met. Seacoast Inn's right to exercise the option to purchase fee title of the Seacoast Inn Property is conditioned upon the following events:

- Commencing upon completion of the Hotel Project until on or before Operating Year 10, the City's receipt of transient occupancy taxes (“TOT”) from the operation of the Hotel, in the amount of at least \$3,202,000; and
- Commencing upon completion of the Hotel Project and after Operating Year 10, the City's receipt of TOT from the operation of the Hotel, in the amount of at least \$2,351,000.

It should be noted that the receipt of TOT was not intended to benefit then and would not benefit now either the former Redevelopment Agency or the Successor Agency. Other than the total amount of lease revenue under the Ground Lease (a total maximum of \$55.00 for the 55-year term) and the total amount of sale proceeds received upon Seacoast Inn's exercising its option to purchase fee title of the Seacoast Inn Property (a total of \$1.00), there is no direct financial benefit to the Successor Agency expected through the Successor Agency's ownership and disposition of the Seacoast Inn Property to Seacoast Inn or its successor.



- 8) A brief history of previous development proposals and activity, including the rental or lease of the property

The Long-Range Property Management Plan shall 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 (above), the proceeds from the sale shall be distributed as property tax to the taxing entities
- C. Property shall not be transferred to a successor agency, 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

**Property:** Palm Avenue Properties: 741-849 Palm Avenue and 735 Palm Avenue (APN 626-250-03, 04, 05 and 06)

**Dates of Acquisition:** February 11, 2009 (741-849 Palm Avenue)  
February 13, 2009 (735 Palm Avenue)

**Value at Acquisition:** \$9,679,454 (741-849 Palm Avenue)  
\$1,608,827 (735 Palm Avenue)

**Estimate of Current Value:** \$213,000 (see attached appraisal dated September 10, 2013, and description below)

**Purpose of Acquisition:** To facilitate/effectuate the development and economic development of the Palm Avenue Properties and surrounding area

**Parcel Data:**

**Property Address:** 735-849 Palm Avenue, Imperial Beach, CA 91932

**Assessor Parcel No.** 626-250-03, 04, 05, 06

**Lot Size:** 207,000 square feet (4.75 acres, inclusive of public rights-of-way)  
170,320 square feet (3.91 acres, exclusive of public rights-of-way)

**Current Zoning:** C-1 General Commercial Zone (C/MU-1 per recent Zoning Code Amendment) per the City's Zoning Code, General Plan/Local Coastal Program and Sections 210

and 230 of the Redevelopment Plan for the Palm Avenue/Commercial Redevelopment Project

**Estimate of Current Value:** \$213,000 (see attached appraisal)

**Appraisal Date:** September 10, 2013

**Estimated Revenues:** Pursuant to the proposed Purchase and Sale Agreement ("Agreement") with Sudberry-Palm Avenue LLC, a California limited liability company ("Sudberry"), to be considered by the Successor Agency and the Oversight Board and reviewed by the DOF concurrently with this Plan, the Palm Avenue Properties (in addition to certain City public rights-of-way to be vacated by the City) (collectively, the "Site"), will be sold from the Successor Agency directly to Sudberry as the Purchaser for development of the "Project", as defined in the proposed Agreement. In accordance with the appraised value of the Site as set forth in the appraisal dated September 10, 2013 and pursuant to Section 201 of the proposed Agreement, the "Purchase Price" (the monetary consideration payable to the Successor Agency by Sudberry as the Purchaser) for the Site includes the following two components: (a) the payment of the sum of \$213,000, in cash, at the Close of Escrow; and (b) payment of the Participation Component in accordance with the proposed Payment Agreement (attached to the proposed Agreement), equal to one and one-half percent (1.5%) of the gross sales price from the first arm's-length sale of each Parcel or Parcels of the Site (or any portion thereof) by Purchaser in any number of transactions which is completed within the first Fifty-Five (55) years from the Effective Date of this Agreement, if any.

The anticipated sale proceeds from the Successor Agency's sale of the Palm Avenue Properties (in addition to certain City public rights-of-way to be vacated by the City) to Sudberry pursuant to the proposed Agreement in the amount of \$213,000 will be remitted after the Close of Escrow to the San Diego County Auditor-Controller's Office for distribution to the taxing entities in accordance with H&S Code Section 34191.5(c)(2)(B) of the Dissolution Act. In addition, any funds received by the Successor Agency pursuant to the Participant Component of the Purchase Price (described above), pursuant to a qualifying sale in accordance with the proposed Payment Agreement, will likewise be remitted to the San Diego County Auditor-Controller's Office for distribution to the taxing entities in accordance with H&S Code Section 34191.5(c)(2)(B) of the Dissolution Act.

**Environmental Contamination History:**

**Studies Conducted:** October 22, 1991 & March 16, 2009 – Asbestos Surveys (735 Palm Avenue)  
September 10, 2007 – Asbestos and Lead Survey  
April 3, 2009 – Phase I and Phase II Site & Subsurface Site Assessments  
March 10, 2011 – Hazardous Building Materials Survey (741-849 Palm Avenue)

**Remediation:** June 2009 – Asbestos abated prior to demolition (735 Palm Avenue)  
October 21, 2010 – Underground Storage Tank removed  
December 1, 2011 – Asbestos abated prior to demolition (741-849 Palm Avenue)

**Brownfield Status:** N/A

**Transit-Oriented Development Potential:** The Palm Avenue Properties are located along a Mixed Use Transit Corridor as designated by the San Diego Regional Association of Governments ("SANDAG") in SANDAG's

Smart Growth Concept Map. The Palm Avenue/State Route 75 corridor is the major transit corridor within the City providing access to many transit modes including buses, bicycles and automobiles. This corridor has several bus stops along the Palm Avenue/State Route 75 transit corridor including one bus stop within 100 feet and two within 300 feet of the Palm Avenue Properties. Although there is no residential component to the proposed development "Town Center" Project pursuant to the proposed Agreement, there is significant residential development directly south of the Palm Avenue Properties, making the overall development proposal for the "Town Center" Project and its surrounding area a transit-oriented development.

**Planning Objectives of the Successor Agency:** The planning objectives for the Palm Avenue Properties are contained in the City's Zoning Code, General Plan/Local Coastal Plan and the Redevelopment Plan for the Palm Avenue/Commercial Redevelopment Project, including Amendment No. 1 to this Redevelopment Plan. The Zoning, General Plan and Redevelopment Plan designation for this area is C-1 General Commercial. The General Commercial land use designation provides for land to meet the local demand for commercial goods and services, as opposed to the goods and services required primarily by the tourist population. It is intended that the dominant type of commercial activity in this designation will be community and neighborhood serving retail and office uses such as markets, specialty stores, professional offices, personal services, department stores, restaurants, liquor stores, hardware stores, etc. The proposed use of the Palm Avenue Properties conforms in every respect with the General Commercial land use designation. The Successor Agency, therefore, is seeking to have developed the Palm Avenue Properties in compliance with the planning objectives of these applicable land use plans. Additionally, both the Economic Development Plan and the Five-Year Implementation Plan adopted by the Redevelopment Agency and now administered by the Successor Agency contain specific goals to facilitate development of the Palm Avenue Properties, including the development of such large commercial properties along Palm Avenue to stimulate further improvements and economic development in the area.

#### **Development Proposal History of Palm Avenue Properties:**

- December 2004 – The 1<sup>st</sup> of 3 Requests for Proposals ("RFP") was issued for development of the Palm Avenue Properties. The City Council of the City authorized the Redevelopment Agency to issue a "Statement of Interest and/or Development Proposals" to property owners, tenants, and businesses located on the south side of Palm Avenue, between 7<sup>th</sup> Street and 9<sup>th</sup> Street.
- October 2005 – Lennar and D.R. Horton presented development proposals to the Redevelopment Agency for consideration. D.R. Horton was selected by the Redevelopment Agency as the preferred developer.
- December 2005 – D.R. Horton presented its development proposal to the City, Redevelopment Agency, and the community.
- January 12, 2006 – The Redevelopment Agency authorized staff to negotiate an Exclusive Negotiation Agreement ("ENA") with D.R. Horton.
- March 22, 2006 – The Redevelopment Agency entered into an ENA with D.R. Horton for a Mixed-Use development consisting of approximately 70,000 square feet of retail and 203 market-rate condominiums on the Palm Avenue Properties.
- November 16, 2006 – Due to the economic downturn/recession, D.R. Horton withdrew from all new development proposals nation-wide and, therefore, allowed the term of the ENA to expire.
- April 18, 2007 – The 2<sup>nd</sup> of 3 RFPs was issued for development of the Palm Avenue Properties. The Redevelopment Agency authorized staff to issue a "Request for Qualifications/Proposals for Real Estate Development in Imperial Beach" for the Palm Avenue Properties.

- July 2007 – The Redevelopment Agency received two responses to its “Request for Qualifications/Proposals for Real Estate Development in Imperial Beach” – “The Imperial Beach Gateway” by Sterling Development Corporation and Dan Malcolm of Lee & Associates and “The Shops at Palm Avenue” by Arnel Hopkins.
- February 2007 – The Redevelopment Agency authorized staff to negotiate and enter into an ENA with Arnel Hopkins.
- March 2008 – Arnel Hopkins withdrew from the project.
- April 2008 – The Redevelopment Agency directed staff to negotiate an ENA with the Imperial Beach Gateway team but, after several months of discussions, staff was unable reach an agreement with the developer.
- December 2008 – The Redevelopment Agency authorized staff to negotiate Purchase and Sale Agreements for the Redevelopment Agency's acquisition of the North Island Credit Union and Miracle Shopping Center properties which comprised the Palm Avenue Properties and most of the Project Site.
- February 4, 2009 – The Redevelopment Agency entered into an agreement with Epic Land Solutions, Inc. for relocation services to relocate existing tenants at the Miracle Shopping Center.
- February 11, 2009 – The Redevelopment Agency completed the purchase of the Miracle Shopping Center property.
- February 13, 2009 – The Redevelopment Agency completed the purchase of the North Island Credit Union property.
- February 18, 2009 – The 3<sup>rd</sup> and last RFP was issued for development of the Palm Avenue Properties. The Redevelopment Agency authorized staff to issue another Request for Qualifications/Proposals for development of the Palm Avenue Properties.
- June 17, 2009 – The Redevelopment Agency approved the relocation plan for relocation of existing tenants from the Palm Avenue Properties.
- June 2009 – Epic Land Solutions and staff initiated relocation of the existing tenants from the Palm Avenue Properties.
- July 15, 2009 – The Redevelopment Agency authorized staff to negotiate an ENA with Sudberry Development Inc. for development of the proposed Project on the Palm Avenue Properties.
- September 23, 2009 – The Redevelopment Agency entered into an ENA with Sudberry.
- March 17, 2010, January 4, 2011, and June 1, 2011 – The ENA with Sudberry was amended by the parties.
- October 2011 – Demolition of the Miracle Shopping Center on the Palm Avenue Properties was initiated.
- December 14, 2011 – The City entered into a Disposition and Development Agreement (“DDA”) with Sudberry-Palm Avenue LLC (“Sudberry”) for development of the Palm Avenue Properties with the tax generating retail/commercial “Town Center” Project.

- May 2012 – Notice of Completion was recorded for demolition of the Miracle Shopping Center on the Palm Avenue Properties.
- January 17, 2013 – Quitclaim Deed was recorded transferring fee title of the Palm Avenue Properties from the City to the Successor Agency.

**Use or Disposition of the Property:** Pursuant to H&S Code Section 34191.5(c)(2) of the Dissolution Act, the two Palm Avenue Properties are proposed to be sold by the Successor Agency directly to a private third party developer, Sudberry-Palm Avenue LLC, a California limited liability company ("Sudberry"), pursuant to a proposed Purchase and Sale Agreement ("Agreement") that will be considered for approval by the Successor Agency and the Oversight Board and submitted to the DOF for review concurrently with this Plan. The anticipated sale proceeds from the Successor Agency's sale of the Palm Avenue Properties (in addition to certain City public rights-of-way to be vacated by the City) to Sudberry pursuant to the proposed Agreement in the amount of \$213,000 will be remitted after the Close of Escrow to the San Diego County Auditor-Controller's Office for distribution to the taxing entities in accordance with H&S Code Section 34191.5(c)(2)(B) of the Dissolution Act. The Palm Avenue Properties will be developed by Sudberry with a tax generating retail/commercial "Town Center" Project as described in the proposed Agreement.

In addition to the Successor Agency remitting the sale proceeds in the amount of \$213,000 to the San Diego County Auditor-Controller's Office after the Close of Escrow for distribution to the taxing entities in accordance with H&S Code Section 34191.5(c)(2)(B) of the Dissolution Act, any funds received by the Successor Agency pursuant to the Participant Component of the "Purchase Price" (as described above under "Estimated Revenues"), pursuant to a qualifying sale in accordance with the proposed Payment Agreement (attached to the proposed Agreement), will likewise be remitted to the San Diego County Auditor-Controller's Office for distribution to the taxing entities in accordance with H&S Code Section 34191.5(c)(2)(B) of the Dissolution Act.

The Palm Avenue Properties are located within the geographical area of the Palm Avenue/Commercial Redevelopment Project ("Project Area"). The sale, disposition, development, and use of the Palm Avenue Properties pursuant to the proposed Agreement complies with and furthers the goals and objectives of the Redevelopment Plan for the Project Area approved and adopted by the City Council of the City on February 6, 1996 by Ordinance No. 96-901, as subsequently amended ("Redevelopment Plan") and also furthers municipal and other public purposes.

**APPRAISED VALUE OF PALM AVENUE PROPERTIES:**

An appraisal of the Palm Avenue Properties was conducted on behalf of the Successor Agency. A copy of the appraisal dated September 10, 2013 is attached to this Plan. The results of the appraisal, dated September 10, 2013, took into consideration the approved entitlements for the Palm Avenue Properties, the physical constraints of the Palm Avenue Properties, and the conditions upon which the Palm Avenue Properties could be developed in accordance with local and State laws, policies and procedures. Given this information, the Palm Avenue Properties were appraised collectively at a value of \$213,000. Specifically, due to the significant required on- and off- site improvement costs necessary to prepare the Palm Avenue Properties for development, together with the costs necessary to provide adequate access to the Palm Avenue Properties, the value of the Palm Avenue Properties "as is" is greatly reduced. It is clear from the appraisal that the Successor Agency disposing of the Palm Avenue Properties to Sudberry as the Purchaser under the proposed Agreement for \$213,000 would benefit not only the Successor Agency but also the State and other affected taxing entities as further detailed below, and is the best viable option for long-term economic benefits to all taxing entities.

Further, as indicated in the appraisal, San Diego County's retail market is still experiencing the impact of the market recession. Although a few projects are moving forward, and retail and office rents remain soft. Additionally, as indicated in the appraisal, experts have agreed that San Diego County's office market will likely continue at a slow pace over the next few years as recovery from the recession occurs. Therefore, it is a

tremendous benefit to the State and other affected taxing entities for the Successor Agency to sell the Palm Avenue Properties, which are currently vacant with no tax generation, to Sudberry, a ready and willing developer, for their immediate development into the economically productive "Town Center" Project as described in the proposed Agreement.

**FISCAL IMPACTS/ECONOMIC BENEFITS:**

In order to assess the economic benefits to be derived by the State and other taxing entities as a result of the proposed "Town Center" Project to be developed on the Palm Avenue Properties by Sudberry as described in the proposed Agreement, KMA carried out a detailed analysis of the "Town Center" Project. The analysis resulted in the following tax generation projections:

**Sudberry Develops "Town Center" Project Per Agreement**

	State of California	County of San Diego	City of Imperial Beach	TransNet	K-14 School Districts	Total
<b>Annual Sales Tax</b>	\$700,000	-	\$112,000	\$56,000	-	\$868,000
<b>Annual Property Tax</b>	-	\$32,000	\$26,000	-	\$63,000	\$121,000
<b>Total Annual Sales &amp; Property Tax</b>	<b>\$700,000</b>	<b>\$32,000</b>	<b>\$138,000</b>	<b>\$56,000</b>	<b>\$63,000</b>	<b>\$989,000</b>

It should be noted that the above table includes only the largest affected taxing entities and does not include those receiving less than 0.50% of the 1.0% property tax. According to the KMA analysis, if the "Town Center" Project is developed on the Palm Avenue Properties by Sudberry as the Purchaser under the terms of the proposed Agreement, the "Town Center" Project would have an overall assessed value of approximately \$12,290,000 and would generate estimated annual taxable sales of approximately \$11,196,000. This, in turn, would generate annual property tax of approximately \$121,000, with more than 50% (\$63,000) going to the South Bay Union, Sweetwater Union and Southwestern Community College Districts and would generate approximately \$868,000 of annual sales tax, with over 80% (\$700,000) going to the State.

Beyond the direct economic benefits of the Project, KMA also analyzed the potential impacts to employment if the "Town Center" Project is constructed on the Palm Avenue Properties under the terms of the proposed Agreement. Based upon this analysis, it is estimated that the development of the "Town Center" Project on the Palm Avenue Properties would create both short-term construction and long-term permanent employment opportunities as follows:

<b>Sudberry Develops "Town Center" Project Per Agreement</b>		
	<b>Direct Impacts of Construction</b>	<b>Total Impact of Construction Including Direct, Indirect and Induced Impacts</b>
<b>Economic Impacts of Construction:</b>		
Economic Output	\$12.5 million	\$17.0 million
Payroll	\$3.9 million	\$5.3 million
Employment (during one year construction period)	68 workers	98 workers
<b>Permanent Employment:</b>		
Project Description	46,200 square feet of development	
Employment @	3.00 jobs/1,000 square feet	
Total Permanent Jobs (FTEs)	139 jobs	

A more detailed description and analysis of these employment impacts are attached to this Plan. Generally speaking, the analysis provided by KMA determined that, assuming a one-year construction period, the development of the "Town Center" Project on the Palm Avenue Properties under the terms of the proposed Agreement would generate approximately 68 construction jobs with another 30 construction-related positions for a total of 98 short-term jobs during construction. The analysis further determined that development of the "Town Center" Project on the Palm Avenue Properties under the terms of the proposed Agreement, consisting of approximately 46,200 square feet of commercial/retail development, would yield approximately 139 full-time jobs. It is also important to note that these employment impacts would create additional economic benefits to both the State and Federal governments in the form of income and other taxes. Additional analysis by KMA estimates the resulting State Income Tax generation during construction of the "Town Center" Project as follows:

#### **Estimate of State Income Tax From Construction Employment**

	Direct Construction	Indirect Construction	Total
Average Annual Construction Employment (person years)	56	12	68
Average Pay	\$52,000	\$83,000	
Total Income Tax Rate	\$2,910,000	\$968,000	\$3,878,000
California Income Tax Rate	9.3%	9.3%	9.3%
Number of Years to Construct	1.0 Year	1.0 Year	1.0 Year
<b>Total State Income Tax During Construction Period</b>	<b>\$271,000</b>	<b>\$90,000</b>	<b>\$361,000</b>

Additionally, beyond these economic benefits, at today's rates, the "Town Center" Project would also generate school fees in the estimated amount of \$22,236 to the Sweetwater Union High School District and in the estimated amount of \$6,930 to the South Bay Union School District.

Based upon this analysis, the State would receive the greatest benefit both during construction (approx. \$361,000 in State Income Tax) and during operation of the "Town Center" Project (approx. \$700,000 in annual retail Sales Tax). The State would also benefit from State Income Tax generated from the estimated 139 full-time workers employed at the new shopping center. These figures, however, have not been calculated.

**Seacoast Inn Property**  
**800 Seacoast Drive (APN 625-262-02)**

- Purpose:** To address the disposition and use of real properties of the former redevelopment agency
- Due:** No later than six (6) months following the issuance to the successor agency of the Finding of Completion
- Contents:** The Long Range Property Management Plan shall include an inventory of all properties in the trust. The inventory shall consist of all of the following information:
- 1) 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
  - 2) The purpose for which the property was acquired
  - 3) Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan
  - 4) An estimate of the current value of the parcel including, if available, any appraisal information
  - 5) 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
  - 6) The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts
  - 7) A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency
  - 8) A brief history of previous development proposals and activity, including the rental or lease of the property

The Long-Range Property Management Plan shall 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 (above), the proceeds from the sale shall be distributed as property tax to the taxing entities

- C. Property shall not be transferred to a successor agency, 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

**Property:** Seacoast Inn Property (Pier South Hotel): 800 Seacoast Drive (APN 625-262-02)

**Date of Acquisition:** March 9, 2011; Transferred to Successor Agency on December 28, 2012

**Value at Acquisition:** \$5,760,000

**Estimate of Current Value:** \$5,760,000 (this value is solely an estimate based on the appraisal dated October 15, 2010. Since the appraisal is over two years old, the value of the Seacoast Inn Property may likely have fluctuated).

**Purpose of Acquisition:** To facilitate/effectuate redevelopment of a dilapidated 38-room hotel/motel into a four-story, 78-room, full-service hotel and restaurant

**Parcel Data:**

**Property Address:** 800 Seacoast Drive, Imperial Beach, CA 91932

**Assessor Parcel No.** 625-262-02

**Lot Size:** 49,400 square feet (1.134 acres)

**Current Zoning:** C-2 Seacoast Commercial Zone (C/MU-2 per recent Zoning Amendment) per the City's Zoning Code, General Plan/Local Coastal Program and Sections 210 and 230 of the Redevelopment Plan for the Palm Avenue/Commercial Redevelopment Project (Amendment No. 1). The Seacoast Inn Property is also subject to a Specific Plan & General Plan Amendment approved by the City Council on December 5, 2007 which specifies the development of the site as a full-service, four-story hotel with restaurant and conference facilities (Ordinance No. 2007-1060).

**Estimate of Current Value:** \$5,760,000 (this value is solely an estimate based on the appraisal dated October 15, 2010. Since the appraisal is over two years old, the value of the Seacoast Inn Property may likely have fluctuated).

**Appraisal Date:** October 15, 2010

**Estimated Revenues:** Per Disposition and Development Agreement dated December 16, 2010 – maximum of \$55.00 of lease revenue for 55-year term (\$1.00 per year) to Successor Agency over 55-years, and maximum of \$1.00 for sale of Seacoast Inn Property to Seacoast Inn or successor if the Option to purchase fee title of the Seacoast Inn Property is timely and properly exercised.

**Environmental Contamination History:**

**Studies Conducted:** Geotechnical, Soils Report and Site Assessment

**Remediation:** No contaminants identified, no remediation required

**Brownfield Status:** N/A

**Transit-Oriented Development Potential:** The Seacoast Inn Property is currently under construction and nearing completion. The Seacoast Inn Property is located on Seacoast Drive, the first main-street and prime transit corridor running parallel to the coast of the Pacific Ocean. The Seacoast Inn Property and the adjacent properties are zoned as Seacoast Commercial and Mixed-Use (C/MU-2) under the City's General Plan and Zoning Ordinance. Additionally, the San Diego Regional Association of Governments ("SANDAG") has designated the entire segment of Seacoast Drive within the C/MU-2 Zone as a "Mixed-Use Transit Corridor" on SANDAG's Smart Growth Concept Map. Bus stops are located throughout this corridor including one directly across the street and less than 70 feet from the newly-developed Hotel on the Seacoast Inn Property. As such, the Seacoast Inn Property easily meet the objectives of a transit-oriented development.

**Planning Objectives of the Successor Agency:** The planning objectives for the Seacoast Inn Property are contained in the City's Zoning Code, General Plan/Local Coastal Plan and the Redevelopment Plan for the Palm Avenue/Commercial Redevelopment Project (Amendment No. 1). The Zoning, General Plan and Redevelopment Plan designation for this area is "C-2 Seacoast Commercial" which is intended to provide for land to meet the demand for goods and services required primarily by the tourist population, as well as local residents who use the beach area. It is intended that the dominant type of commercial activity in this area will be visitor serving retail such as specialty stores, surf shops, restaurants, hotels and motels. The use of the Seacoast Inn Property conforms in every respect with the C-2 Seacoast Commercial land use designation. Additionally, both the Economic Development Plan and the Five-Year Implementation Plans adopted by the Redevelopment Agency and now administered by the Successor Agency contain specific goals to increase visitor serving uses and promote recreation, hotel and resort oriented uses within the Seacoast Drive corridor.

**Development Proposal History of Seacoast Inn Property:**

- November 21, 2007 – The City Council approved the Development Agreement, Coastal Development Permit, Specific Plan and certified the Environmental Impact Report ("EIR") for the Hotel Project.
- December 5, 2007 – The City Council of the City conducted the Second Reading of the Ordinances approving the Development Agreement and Specific Plan.
- April 10, 2008 – Approval by the Coastal Commission (on appeal) of Coastal Development Permit A-6-IMB-07-131.
- December 11, 2008 – Approval by the Coastal Commission of revised findings for Coastal Development Permit A-6-IMB-07-131.
- September-October 2010 – Demolition of existing structures.
- December 1, 2010 – The Redevelopment Agency approved the Disposition and Development Agreement ("DDA") between the Redevelopment Agency and Imperial Coast, L.P. and Addendum to the EIR. The DDA was subsequently assigned by Imperial Coast, L.P. to its successor and related entity Seacoast Inn.
- December 16, 2010 – The Redevelopment Agency and Imperial Coast, L.P. executed the DDA.
- March 9, 2011 – The Seacoast Inn Property was acquired pursuant to the terms of the DDA.
- March 10, 2011 – The Ground Lease between the Redevelopment Agency and Seacoast Inn was executed pursuant to the terms of the DDA. Other closing documents required by the terms of the DDA were executed by the Redevelopment Agency and Seacoast Inn.
- March 28, 2011 – Construction of the Hotel Project commenced by Seacoast Inn.

**Use or Disposition of the Property:** Pursuant to H&S Code Section 34191.5(c)(2) of the Dissolution Act, the Seacoast Inn Property is being used to fulfill an enforceable obligation (including completion of the current development of a full-service beachfront hotel and appurtenant parking facilities (the "Hotel Project")) pursuant to a development agreement and a ground lease between the Redevelopment Agency and a third party developer/lessee, Seacoast Inn, L.P., a California limited partnership ("Seacoast Inn").

Specifically, the Seacoast Inn Property is the subject of that certain Disposition and Development Agreement ("DDA") dated December 16, 2010, and entered into by and between the Redevelopment Agency and Imperial Coast, L.P., a California limited partnership. The DDA was subsequently assigned to its successor and related entity Seacoast Inn. The DDA provides for (i) the Redevelopment Agency's acquisition of fee title of the Seacoast Inn Property and the Redevelopment Agency's subsequent ground lease of the Seacoast Inn Property to Seacoast Inn for its development of the Hotel Project, (ii) the payment by the Redevelopment Agency to Seacoast Inn for the cost of certain off-site Public Improvements and Plans, and (iii) the grant of an option to Seacoast Inn or its assignee to purchase fee title of the Seacoast Inn Property from the Redevelopment Agency (now the Successor Agency) for one dollar (\$1.00) upon the complete satisfaction of certain performance standards by Seacoast Inn or its assignee, in accordance with the terms of the DDA. Pursuant to the DDA, the Seacoast Inn Property has been ground leased to Seacoast Inn for one dollar (\$1.00) per year pursuant to the terms of a fifty-five (55) year term Ground Lease ("Ground Lease") dated March 15, 2011, and entered into by and between the Redevelopment Agency and Seacoast Inn.

The DDA and the Ground Lease, and all documents required by the DDA and the Ground Lease, constitute an enforceable obligation of the Redevelopment Agency (now the Successor Agency) pursuant to H&S Code Sections 34167(d) and 34171(d)(1) of the Dissolution Act. As of this date, the Hotel Project provided for under the DDA is nearing completion of construction. In accordance with both the DDA and the Ground Lease, Seacoast Inn has the option to purchase fee title of the Seacoast Inn Property from the Successor Agency for one dollar (\$1.00) after certain conditions precedent are fully and completely met.

In light of the above, the Seacoast Inn Property must be retained by the Successor Agency to fulfill an enforceable obligation pursuant to H&S Code Sections 34167(d) and 34171(d)(1) of the Dissolution Act. Specifically, the Successor Agency's retention of fee title of the Seacoast Inn Property is required pursuant to the terms of the DDA and the Ground Lease. At any time commencing upon completion of the Hotel Project and ending upon expiration of the term of the Ground Lease, Seacoast Inn may purchase fee title of the Seacoast Inn Property for one dollar (\$1.00) upon meeting certain conditions precedent.

The use of the Seacoast Inn Property for the purposes provided in the DDA and the Ground Lease constitute enforceable obligations as the Seacoast Inn Property is contractually obligated to Seacoast Inn, a private third party, through the underlying DDA that was executed on December 16, 2010. The Successor Agency intends, therefore, to honor the obligations and requirements of the DDA and all related documents executed by the Redevelopment Agency and continue to lease the Seacoast Inn Property to Seacoast Inn pursuant to the Ground Lease, provided for under the terms of the DDA, for one dollar (\$1.00) per year. Further, pursuant to the DDA, Ground Lease and related documents executed by the Redevelopment Agency, upon completion of the Hotel Project and ending upon expiration of the term of the Ground Lease, Seacoast Inn may purchase fee title of the Seacoast Inn Property from the Successor Agency for one dollar (\$1.00) upon meeting certain conditions precedent. If and when Seacoast Inn exercises this Option to purchase fee title of the Seacoast Inn Property and upon complete satisfaction of the conditions precedent, the Successor Agency similarly intends to honor the obligations and requirements of the DDA, Ground Lease and related documents executed by the Redevelopment Agency and sell the Seacoast Inn Property to Seacoast Inn or its successor.

**ATTACHMENTS:**

**9<sup>th</sup> & Palm Attachments:**

1. Purchase and Sale Agreement for Palm Avenue Properties (provided separately with Resolution No. OB-13-27)
2. Quitclaim Deed – Conveyance of Palm Avenue Properties to Successor Agency
3. Appraisal of Palm Avenue Properties Dated September 10, 2013
4. Keyser Marston Associates, Inc.'s Fiscal Impact Analysis for Palm Avenue Properties

**Seacoast Inn (Pier South) Attachments:**

5. Disposition and Development Agreement dated December 16, 2010 for Seacoast Inn Property
6. Ground Lease dated March 15, 2011 per DDA for Seacoast Inn Property