

OVERSIGHT BOARD RESOLUTION NO. 2013-07

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF LA PALMA APPROVING THE LONG RANGE PROPERTY MANAGEMENT PLAN

WHEREAS, the Community Development Commission of the City of La Palma ("Redevelopment Agency") was activated by the City Council of the City of La Palma as redevelopment agency, under the California Community Redevelopment Law (Health & Safety Code Section 33000 et seq.); and

WHEREAS, the California State Legislature enacted Assembly Bill 1X 26 (the "Dissolution Act") to dissolve all redevelopment agencies in the State of California; and

WHEREAS, on January 3, 2012, and pursuant to Health and Safety Code Section 34173, the City Council of the City of La Palma (the "City Council") declared that the City of La Palma, a municipal corporation (the "City"), would act as successor agency (the "Successor Agency") for the dissolved Community Development Commission of the City of La Palma, effective February 1, 2012; and

WHEREAS, the Successor Agency is responsible for implementing the Dissolution Act with respect to the former Redevelopment Agency; and

WHEREAS, Health and Safety Code Section 34191.5 requires the Successor Agency to prepare a Long Range Property Management Plan within six months of receiving a finding of completion from the State Department of Finance; and

WHEREAS, the Successor Agency received its "Finding of Completion" from the State Department of Finance ("DOF") on April 18, 2013; and,

WHEREAS, the Long Range Property Management Plan ("LRPMP") is supposed to address the disposition and use of the real properties of the former Redevelopment Agency as part of the dissolution process; and

WHEREAS, the LRPMP has been prepared in conformance with Health and Safety Code Section 34191.5 *et al* for the Oversight Board's consideration and is set forth as "Exhibit A" attached hereto and incorporated herein by this reference; and

WHEREAS, the LRPMP proposes to transfer the asset to the City for future development with active commercial leases which would not be eligible for property tax exemption, thereby ensuring that affected taxing entities would receive their proportionate share of future property tax revenue; and

WHEREAS, Health and Safety Code Sections 34191.5(c)(1) requires that the Oversight Board consider and approve the LRPMP by resolution before it is submitted to the DOF; and

WHEREAS, the LRPMP is exempt from California Environmental Quality Act (CEQA) review under the CEQA Guidelines because a LRPMP does not commit the Successor Agency to any action that will not with reasonable certainty have any possible effect on the environment; and,

WHEREAS, the Oversight Board has reviewed and duly considered the staff report, the LRPMP, and other evidence and testimony presented related thereto.

NOW, THEREFORE, the Oversight Board to the Successor Agency to the dissolved Community Development Commission of the City of La Palma finds and resolves as follows:

SECTION 1. The foregoing Recitals are true and correct and are incorporated into this Resolution by this reference.

SECTION 2. The Oversight Board to the Successor Agency to the dissolved Community Development Commission of the City of La Palma hereby approves the Long Range Property Management Plan ("LRPMP") as attached hereto as "Exhibit A" and incorporated herein by this reference.

SECTION 3. CEQA Compliance. The approval of the Long Range Property Management Plan through this Resolution does not commit the Successor Agency to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

SECTION 4. The Community Development Director acting as the Oversight Board's Official Point of Contact for the DOF is hereby authorized to submit the La Palma LRPMP to the DOF for approval.

PASSED, APPROVED, AND ADOPTED this 8th day of August 2013.



Mark I. Waldman
Chairperson

ATTEST:



Laurie A. Murray, CMC,
City Clerk

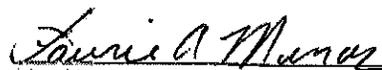
STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF LA PALMA)

I, LAURIE A. MURRAY, City Clerk of the City of La Palma, HEREBY DO CERTIFY that the foregoing resolution was adopted at a regular meeting of the Oversight Board to the Successor Agency to the dissolved Community Development Commission of the City of La Palma, held on the 8th day of August, 2013.

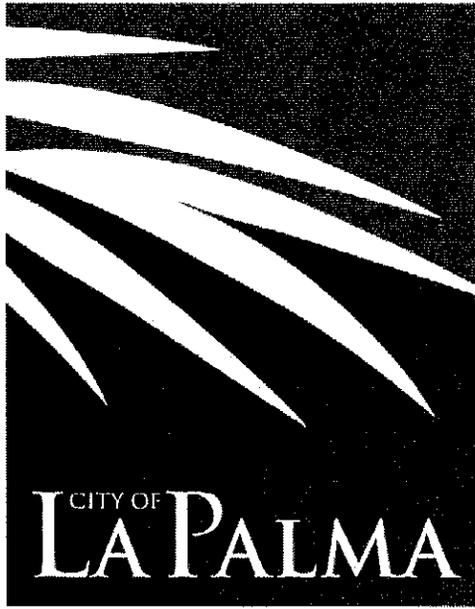
AYES: BOARD MEMBERS: Board Member Dumhart, Board Member Garcia, Board Member Nelson, Board Member Patel, Board Member Patterson, and Chairperson Waldman

NOES: BOARD MEMBERS: None

ABSENT: BOARD MEMBERS: Vice Chairperson Carruth



Laurie A. Murray, CMC,
City Clerk



Long Range Property Management Plan

July 2013

Prepared by:
City of La Palma as
Successor Agency
to the Former La Palma
Community Development Commission

Approved By:
Successor Agency on July 16, 2013 by Resolution No. SA 2013 - 09.
Oversight Board on August 8, 2013 by Resolution No. OB 2013-07.

Long Range Property Management Plan for the Successor Agency to the La Palma Community Development Commission

Introduction

On June 27, 2012, Governor Brown signed into law Assembly Bill 1484 (AB 1484), a budget trailer bill that makes substantial changes to the redevelopment agency dissolution process implemented by Assembly Bill 1X 26. One of the key components of AB 1484 is the requirement that all successor agencies develop a long-range property management plan that governs the disposition and use of the former redevelopment agency properties. This document is the Long Range Property Management Plan for the Successor Agency to the former La Palma Community Development Commission.

Health and Safety Code Section 34191.5 sets forth specific information to be contained in the Long Range Property Management Plan (LRPMP.) This report will address each provision of Health and Safety Code (HSC) Section 34191.5 and outline the Successor Agency's long range intentions for its real property asset.

Background

The City of La Palma and its former Redevelopment Agency, the Community Development Commission, approved one Redevelopment Project Area in 1983, which contained two Subareas known as Area A and Area B. The area generally known as the Community Development Project Area has been subsequently amended to add territory twice with the Moody Street Amendment (1987) and the Walker Street Amendment (1992). In total, the Project Area contained approximately 338.92 acres (0.53 square miles) of land area, which encompasses approximately 26.5 percent of the total acreage in the City (1,146 acres or 1.8 sq. mi.)

The former Redevelopment Plan limited tax increment revenues to be received from the combined Original, Moody Street and Walker Street project areas at \$100 million. When Assembly Bill 1X 26 was signed into law on June 29, 2011, the former Community Development Commission had received only \$44 million of the \$100 million limit in tax increment revenues. Also, as of June 29, 2011, the former CDC held only one real property asset. That parcel was transferred to the Successor Agency of the former Community Development Commission (CDC) by operation of law, when the City elected to serve as the Successor Agency by Resolution No. 2012-06.

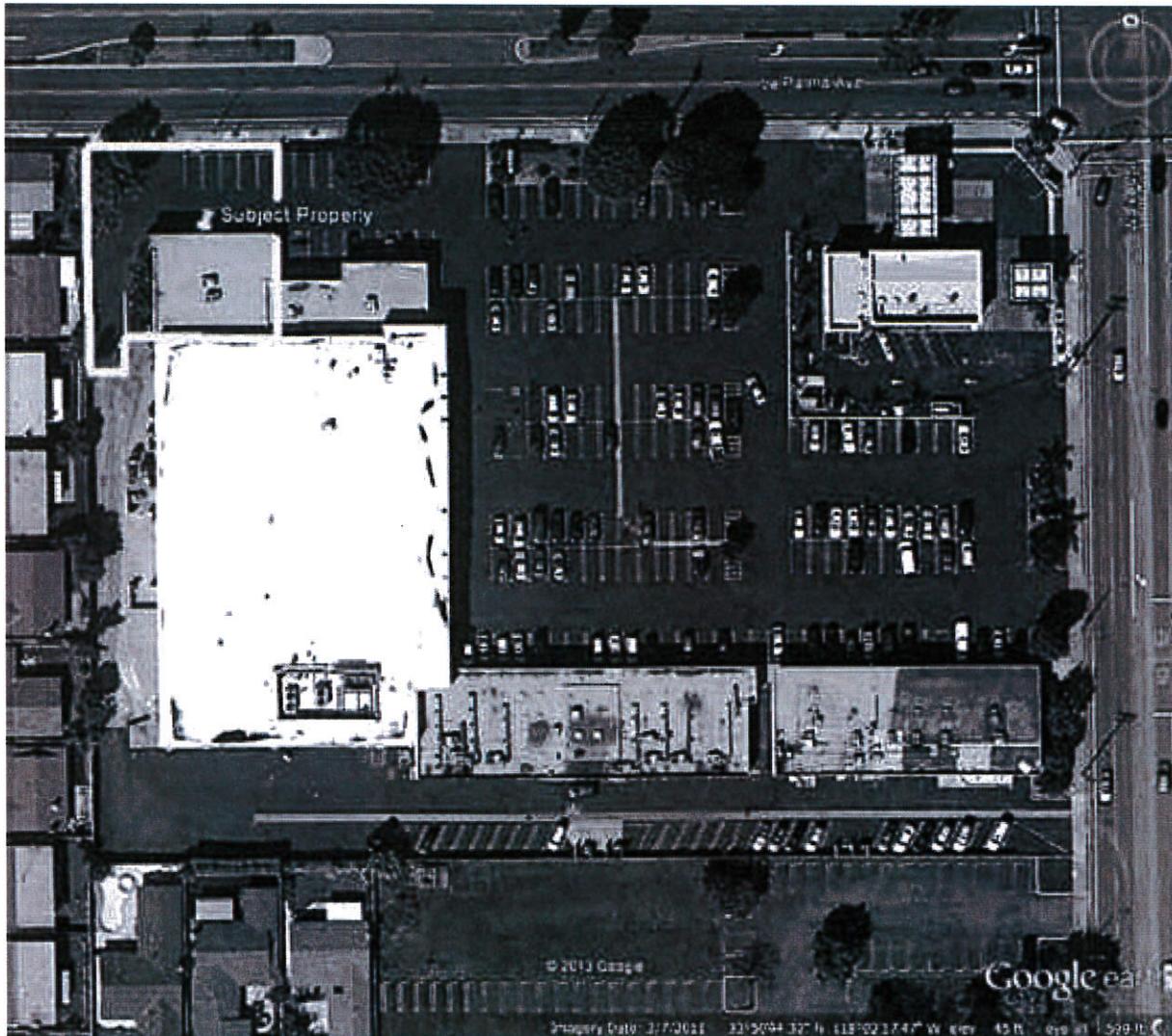
Summary of Property owned by the Successor Agency

HSC 319191.5 (c)(1)(A) - The date of the acquisition of the property and the value of the property at that time, and an estimate of the current value of the property.

The former CDC closed escrow on 5410-14 La Palma Avenue in November 2009. The purchase price was \$610,000. An estimate of the current market value is discussed in Section HSC 319191.5 (c)(1)(D) below.

HSC 319191.5 (c)(1)(B) - The purpose for which the property was acquired.

The retail end-cap building was acquired for the purpose of enlarging the anchor tenant space occupied by the community's primary grocer. At the time of acquisition the operator was Ralph's grocery. Ralph's had acquired the La Palma store during their merger with Alpha Beta who originally built the store around 1970. The photo below depicts the subject property's relationship the larger commercial center.



Ralph's announced in January of 2011 that they were going to close their La Palma store as a belt tightening action in response to the effects of the lingering national recession. Thus, expansion plans never fully materialized. A new grocer (WalMart Neighborhood Market) moved into the anchor space vacated by Ralph's this year. The

new grocer needed to make a significant investment to upgrade the aging anchor tenant building to host an updated modern grocery operation. WalMart was approached about expanding the anchor space from 30,000 square feet to 40,000 square feet utilizing the CDC's property. WalMart declined to expand the anchor tenant space at this time due to the significant investment warranted in rehabbing the existing space. They did inform the City they would evaluate the store's potential for expansion after three years of operations.

HSC 319191.5 (c)(1)(C) - Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

As mentioned in the background section above, the CDC possessed a single property as of June 29, 2011, when the Governor signed into law AB 1X26. The subject real property asset has an Assessor's Parcel Number (APN) 262-102-14; its common address being 5410-5414 La Palma Avenue, La Palma, California.

The current zoning for the property is Neighborhood Commercial (NC) which provides for local serving retail and service uses. The lot size is 10,507 square feet and is improved with a 3,000 square feet in-line retail building that is front loaded and has 4 off-street parking spaces with reciprocal parking with the shopping center for a total of 162 available shared parking spaces.

	Property Summary
Address	5410-14 La Palma Ave., La Palma, CA 90623
APN	262-102-14
Land Area	10,507 SF
Building Area	3,000 SF
Stories	One
Construction Type	V-N Frame/Stucco
Year built	1972
Parking spaces	4 on-site / 162 shared
Flood Zone	X 500
Zoning	Neighborhood Commercial (NC)
General Plan	Neighborhood Commercial (NC)



The graphic above is a location map of the subject property. The building, constructed in 1972, lies within a 5.5 acres neighborhood shopping center and is adjacent to the Anchor tenant space that is a 30,000 square foot grocery store. The property is subject to Declarations of Restrictions and Grant of Easements recorded February 18, 1971. The improvements consist of a single story Type V, non-rated, wood frame/stucco commercial building.

HSC 319191.5 (c)(1)(D) An estimate of the current value of the parcel including, if available, any appraisal information.

According to the DOF FAQ's sheet dated, January 15, 2013, the DOF does not believe it is legislative intent that property appraisals be obtained for properties that the PMP proposes to sell or transfer to entities other than the city or county that created the former RDA. However, it would be appropriate to include in the LRPMP any existing appraisal information concerning former Redevelopment agency properties.

If the LRPMP proposes to sell or transfer the property to the city or county that created the RDA, then HSC Section 34180 (f) requires that the Successor Agency reach a compensation agreement with the affected taxing entities to provide each entity a payment in proportion to its share of the base property tax generated by the property.

An appraisal has been prepared for the subject property by the Kiley Company. The appraisal, dated June 28, 2013, establishes a fee simple fair market value for the property at \$530,000. The Appraisal report is on file with the La Palma Community Development Department and is available for public inspection.

HSC 319191.5 (c)(1)(E) An estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.

The property was acquired vacant by the CDC. Two tenant leases had recently expired at the time of acquisition. The building was divided into two 1,500 square foot suites. One suite was leased for a video rental business and the other suite for a real estate sales office. According to the listing brochure at the time of sale, the rent for the Video Store was \$1.07 NNN and for the Real Estate office was \$1.53 NNN.



The current annual common area maintenance (cam) charges pursuant to the Declarations of Restrictions and Grant of Easements are approximately \$3,000.



Since the CDC's acquisition of the property the space has been hosting interim public uses until its ultimate disposition could be determined. Half of the building has been used for a seniors lounge in the mornings and an afternoon teen drop-in called, "the Hub Activity Center." The Hub is operated by the City's Community Services Department.

The other half of the building briefly hosted the La Palma Chamber of Commerce office and later was used as a sales and marketing office for the Tapestry Walk Affordable Townhome project. Above is a photo of the uses that occupied the building just prior to the CDC's purchase of the property and below are pictures of those uses occupying the property since the CDC has owned the parcel.



Currently the building is idle and has not generated any revenue or income for the CDC since its acquisition in 2009. The property was acquired using tax increment funds and there is no debt on the property nor is the asset part of an Enforceable Obligation.

HSC 319191.5 (c)(1)(F) The History of Environmental Contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation.

The CDC retained GeoHydrologic Consultants, Inc. (GHC) to prepare a Phase I Environmental Site Assessment (ESA) of the 10,507 square foot property and 3,000 square foot of improvements. The objective of the ESA was to provide independent professional opinion regarding recognized environmental conditions, if any, associated with the site prior to close of escrow. The GHC report, dated October 16, 2009, is on file with the City of La Palma Community Development Department.

The Phase I ESA was prepared in conformance with American Society for Testing Materials (ASTM) Standard Practice E1527-05. The assessment revealed that no recognized environmental conditions or features of concern in connection with the property exist and that a Phase II ESA was not warranted. The Phase I ESA did not include testing of electrical equipment for the potential presence of polychlorinated biphenyls (PCB's), testing of suspect asbestos containing materials (ACBM), testing for lead-based paint, or collection of other environmental samples.

HSC 319191.5 (c)(1)(G) A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

As mentioned in HSC 319191.5 (c)(1)(C) property description above, the subject property is improved as a 3,000 square foot two tenant retail building as an end-cap to a neighborhood shopping center. The total lot size is 10,507 square feet and is immediately adjacent to the anchor tenant's delivery area. The property has current zoning of Neighborhood Commercial (NC) and is located in the center of the community. The site location, size, zoning, and purpose are not conducive to transit oriented development (TOD). Furthermore, the Major and Primary Highways are located on the City's borders. The City has also recently undertaken an effort to rezone other idle or underperforming properties for strictly retail purpose due to the City's limited retail base. Utilizing commercial retail space would be counter to the goals and objectives of the City. Rather, it is the intent to transfer this property to the City, to advance the Redevelopment and Economic Development goals and objectives.

HSC 319191.5 (c)(1)(H) A brief history of previous development proposals and activity, including the rental or lease of property.

According to the research prepared for the ESA, the site appears to have been agricultural land from the late 1920's to the early 1950's when it was developed into a dairy farm. The dairy farm use operated from the 1950's to the early 1970's when it was developed into its current commercial retail use in 1972. GHC had Track Info run a directory for 5410-14 La Palma Ave. as part of the ESA research. That research indicated that in 1978, 5410 La Palma Avenue listed a Pharmacy, and from 1983 to 2008 the location was listed as a Century 21 Real Estate office. The directory for 5410 La Palma Avenue listed Top Video from 1988 to 2008. This address had a Tarbell Realty office listed from 1978 to 1988. There were no listings for this location prior to 1978.

As mentioned in HSC 319191.5 (c)(1)(B) and (D) above, the redevelopment intent for this property was assembly to create a larger grocery store. That prospect in the near-term horizon is no longer feasible.

Long Range Objective

The La Palma LRPMP has one real property asset. As mentioned above, the property is a 3,000sf commercial end-cap in the town's main shopping center. The Successor Agency plans to transfer this asset to the City for future development to achieve adopted Redevelopment and Economic Development policies and objectives. Those goals include but are not limited to increasing and diversifying the City's revenue base and creating employment opportunities.

The Property was acquired with the specific intentions of fulfilling the goals and objectives of the City's adopted 2009 Economic Development Plan and its Adopted Redevelopment Implementation Plan 2010-2014. Specifically, the Economic Development priorities were to: 1) Protect and expand La Palma's General Fund revenue base; 2) convert non-income producing land/businesses properties into income producing ones; and 3) attract businesses that enhance the quality of life for La Palma inhabitants. The 2010-2014 Redevelopment Implementation Plan sought to "promote the economic well-being of the Project Area by encouraging the diversification of the City's commercial base and of employment opportunities."

As part of its General Plan Update the city sanctioned an Economic Assessment of the community by Alfred Gobar Associates. Their analysis provided a strong indication that the City's retail sector is not adequately serving the consumer demands of local area residents.

The Gobar analysis found that the strong competitive influence of area retailers located beyond the City limit is one reason total taxable sales captured by City-based establishments are substantially less than should be expected from the 16,000 residents living in La Palma. For this reason, it is extremely important the city control this property to ensure its use is used to capture loss of taxable transactions to surrounding communities and provide the good and services its residents demand.

The use of this asset will be transferred to the City who will in-turn lease the space specifically for commercial retail, food, and/or service use. As such, the property will not be exempt from property tax. Thus, all affected taxing entities will be receiving their proportionate property tax making it unnecessary to reach compensation agreements under Health and Safety Code Section 34180(f). As such, LRPMP provides for the asset to be transferred to the City to diversify its sales tax base and provide local employment opportunities.

Appendix A DOF LRPMP Worksheet

[Following this page]

OVERSIGHT BOARD RESOLUTION NO. 2013-09

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF LA PALMA DIRECTING THE SUCCESSOR AGENCY TO OBTAIN COMPENSATION AGREEMENTS PURSUANT TO HEALTH AND SAFETY CODE SECTION 34181(f)(1) UPON THE CITY OF LA PALMA'S SALE OF THE REAL PROPERTY AT 5410-14 LA PALMA AVENUE

WHEREAS, the Community Development Commission of the City of La Palma ("Redevelopment Agency") was activated by the City Council of the City of La Palma as redevelopment agency, under the California Community Redevelopment Law (Health & Safety Code Section 33000 et seq.) ; and

WHEREAS, the California State Legislature enacted Assembly Bill 1X 26 (the "Dissolution Act") to dissolve all redevelopment agencies in the State of California; and

WHEREAS, on January 3, 2012, and pursuant to Health and Safety Code Section 34173, the City Council of the City of La Palma (the "City Council") declared that the City of La Palma, a municipal corporation (the "City"), would act as successor agency (the "Successor Agency") for the dissolved Redevelopment Agency, effective February 1, 2012; and

WHEREAS, the Successor Agency is responsible for implementing the Dissolution Act with respect to the former Redevelopment Agency; and

WHEREAS, the Oversight Board to the Successor Agency to the Community Development Commission of the City of La Palma ("Oversight Board") has been established to direct the Successor Agency to take certain actions in connection with the winding down of the affairs of the former Redevelopment Agency; and

WHEREAS, on June 27, 2012, the California Legislature enacted, and the Governor signed, Assembly Bill 1484 ("AB 1484"), which, among other things, made certain revisions to certain of the statutes added by ABx1 26; and

WHEREAS, pursuant to Health and Safety Code section 34191.5, added by AB 1484, the Successor Agency prepared a Long Range Property Management Plan ("LRPMP") addressing the disposition and use of the one real property of the former Redevelopment Agency (the "Property"); and

WHEREAS, the LRPMP proposes to transfer the Property to the City for future development with private commercial lessees who would not be eligible for property tax exemption, thereby ensuring that other taxing entities ("OTE's") would receive their proportionate share of future property tax revenue; and

WHEREAS, Health and Safety Code section 34180(f)(1) provides that if a city wishes to retain any properties for future redevelopment activities it must reach a compensation agreement with the OTE's to provide payments to them in proportion to their shares of the base property tax, as determined pursuant to Health and Safety Code section 34188, for the value of the property retained; and

WHEREAS, at the time of preparing the LRPMP, the Successor Agency and City did not contemplate entering into compensation agreements with the OTE's because the Property will be used and operated by private entities, thereby generating sales and property tax; and

WHEREAS, pursuant to Health and Safety Code section 34191.5(c)(1), on July 8, 2013, the Oversight Board considered and approved, by adoption of Oversight Board Resolution No. 2013-07, the LRPMP ("OB Resolution No.2013-07"); and

WHEREAS, pursuant to Health and Safety Code section 34191.5(c)(1), on August 8, 2013, the Successor Agency submitted OB Resolution No. 2013-07 and the Oversight Board-approved LRPMP to the Department of Finance ("DOF") for review and approval; and

WHEREAS, on August 22, 2013, the DOF requested that the Oversight Board adopt a resolution indicating that the Successor Agency will obtain a compensation agreement with the OTE's pursuant to Health and Safety Code section 34180(f)(1); and

WHEREAS, the Oversight Board now desires to direct the Successor Agency to obtain compensation agreements with the OTE's substantially in the form attached hereto and incorporated herein as Exhibit "A" (the "Form Compensation Agreement") at such time as the City sells the Property; and

WHEREAS, the Oversight Board has reviewed and duly considered the staff report, the Form Compensation Agreement, and other evidence and testimony presented related thereto.

NOW, THEREFORE, the Oversight Board to the Successor Agency to the dissolved Community Development Commission of the City of La Palma finds and resolves as follows:

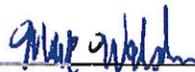
SECTION 1. The foregoing Recitals are true and correct and are incorporated into this Resolution by this reference.

SECTION 2. The Oversight Board to the Successor Agency to the dissolved Community Development Commission of the City of La Palma hereby direct the Successor Agency to obtain compensation agreements with the OTE's substantially in the form of the Form Compensation Agreement attached hereto as Exhibit "A" at such time as the City sells the Property.

SECTION 3. The direction to the Successor Agency to obtain compensation agreements with the OTE's at such time as the City sells the Property through this Resolution does not commit the Successor Agency to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

SECTION 4. The Community Development Director acting as the Oversight Board's Official Point of Contact for the DOF is hereby authorized and directed to submit this Resolution to the DOF for review and approval, and for purposes of obtaining DOF approval of the previously submitted Oversight Board-approved LRPMP.

PASSED, APPROVED, AND ADOPTED this 3rd day of October 2013.



Mark I. Waldman
Chairperson

ATTEST:

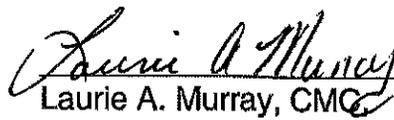


Laurie A. Murray, CMC,
City Clerk

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF LA PALMA)

I, LAURIE A. MURRAY, City Clerk of the City of La Palma, HEREBY DO CERTIFY that the foregoing resolution was adopted at a regular meeting of the Oversight Board to the Successor Agency to the dissolved Community Development Commission of the City of La Palma, held on the 3rd day of August, 2013.

AYES:	BOARD MEMBERS:	Vice Chairperson Carruth, Board Member Dumhart, Board Member Patel, Board Member Patterson, and Chairperson Waldman
NOES:	BOARD MEMBERS:	None
ABSENT:	BOARD MEMBERS:	Board Member Garcia and Board Member Nelson



Laurie A. Murray, CMC
City Clerk