RESOLUTION NO.15-04

OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF MILLBRAE

APPROVING THE AMENDED LONG RANGE PROPERTY MANAGEMENT PLAN PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.5 AND AUTHORIZING RELATED ACTIONS

WHEREAS, Health and Safety Code §34191(b) requires the Successor Agency ("Successor Agency") to the former City of Millbrae Redevelopment Agency ("Agency") to prepare a Long Range Property Management Plan ("Plan") to address the disposition and use of the real property formerly owned by the Agency; and

WHEREAS, the Plan must be submitted to the Oversight Board for the Successor Agency and to the State Department of Finance ("Department") for approval no later than six months following the issuance to the Successor Agency of a Finding of Completion by the Department; and

WHEREAS, the Department issued a Finding of Completion to the Successor Agency on July 29, 2013; and

WHEREAS, the Successor Agency prepared a draft Plan, which was reviewed by the Oversight Board on December 2, 2013 and approved on January 6, 2014 and thereafter timely submitted to the Department; and

WHEREAS, based on comments received from the Department the Successor Agency revised the Amended Long Range Property Management Plan ("Amended Plan") incorporating revisions responsive to the Department's comments; and

WHEREAS, the Successor Agency submitted the Amended Plan to the Oversight Board for review; and

WHEREAS, the Oversight Board has reviewed and considered the Amended Plan, all written and oral staff reports and all written and oral public comment relating to the Amended Plan at a duly noticed special meeting on November 23, 2015; and

WHEREAS, the Amended Plan represents the direction of the Oversight Board with respect to the property listed in the Amended Plan; and

WHEREAS, the Amended Plan has been prepared by the Successor Agency and reviewed by the Oversight Board in accordance with the requirements of Health and Safety Code §34191.5.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board for the Successor Agency of the City of Millbrae Redevelopment Agency hereby:

1. Finds that the foregoing Recitals are true and correct and made a part of this Resolution.

2. Finds that the approval of the Amended Long Range Property Management Plan through this Resolution itself does not commit the Successor Agency or the City of Millbrae to any action that may have a significant effect on the environment and thus does not constitute a "project" subject to the requirements of the California Environmental Quality Act ("CEQA"), pursuant to CEQA Guidelines §15061(b)(3).

3. Approves the Amended Long Range Property Management Plan attached to this Resolution as Exhibit A.

4. Authorizes and directs the Successor Agency to undertake such actions as are necessary to carry out the intent of this Resolution, including transmittal of the Amended Plan to the State Department of Finance.

* * * * *

I hereby certify that the foregoing Resolution was regularly introduced and adopted by the Oversight Board for the Successor Agency of the City of Millbrae Redevelopment Agency at a regular meeting held on the 23rd day of November, 2015 by the following vote:

AYES: Fox, Jensen, Blackwood, Pincus, McManus, and Raines

NOES: None

ABSTAIN: None

ABSENT: Colapietro

ATTEST: Angela Ponce
Successor Agency Secretary

Amended Long Range Property Management Plan

Successor Agency to the Millbrae Redevelopment Agency

November 23, 2015

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Introduction

This document constitutes the Long-Range Property Management Plan (LRPMP) of the Successor Agency (Successor Agency) of the former Redevelopment Agency of the City of Millbrae (RDA). The LRPMP was prepared in accordance with Health and Safety Code Section 34191.5 pursuant to ABx1 26, as amended by AB 1484 (collectively, Redevelopment Dissolution Statutes). The Redevelopment Dissolution Statutes govern the disposition of the former RDA's real property. Pursuant to the Redevelopment Dissolution Statutes, a *housing* property was transferred to the City of Millbrae (City) and the Successor Agency is now responsible for disposition of the non-housing property.

The Redevelopment Dissolution Statutes required successor agencies to undergo two detailed Due Diligence Reviews (DDRs) to determine unobligated fund balances available for transfer to the affected taxing entities. Upon a successor agency's completion of these requirements—including any required payment of fund balances, outstanding tax entity passthrough obligations and residual payments, as applicable—the State Department of Finance (DOF) issued a Finding of Completion (FOC). The Successor Agency is required to submit to DOF the LRPMP within six months of the issuance of the FOC. The Successor Agency received its FOC on July 29, 2013; thus the LRPMP is due to DOF by January 29, 2014. Upon approval by the Oversight Board and DOF, the LRPMP governs and supersedes all other provisions relating to the disposition and use of the former RDA's real property asset.

At the time of its dissolution, the Agency owned one *non-housing* parcel of real property. The property is located within the redevelopment project area and is subject to the provisions of the Redevelopment Plan, the City of Millbrae General Plan, the Millbrae Station Area Specific Plan and the City's zoning and land use regulations as set forth in the Millbrae City Codes.

In accordance with Health and Safety Code Section 34191.5(c), the LRPMP contains information related to the Successor Agency's property. The following information is required:

a) Acquisition Information
b) Purpose of Acquisition
c) Parcel Data
d) Estimate of Current Value
e) Revenues Generated by Property/Contractual Requirements
f) Environmental Contamination and Remediation
g) Potential for Transit Oriented Development and Advancement of Planning Objectives
h) History of Development Proposals and Activity

The LRPMP also sets forth the proposed plan for the disposition and use of the property. The Redevelopment Dissolution Statutes dictate that properties must be categorized for disposition in one of the following ways:

1. Use Property to Fulfill Enforceable Obligation;
2. Retention of Property for a Governmental Use;
3. Retention of Property for Future Development; or
4. Sale of Property.

The LRPMP identifies the proposed disposition category for Successor Agency's property as Retention for Future Development. The RDA acquired this property for the purpose of assembling parcels into a large developable lot in order to advance the Redevelopment Plan's goals. The LRPMP includes several appendices that provide background information. Included is Appendix A, the optional DOF property tracking worksheet.

Millbrae Redevelopment Project Area

There was one redevelopment project area in the City of Millbrae called the Millbrae Redevelopment Project Area. The project area consisted of 294 acres of assessable property and 156 acres of non-assessable property. The project area was created in 1988 with the adoption of the Redevelopment Plan by the City of Millbrae. The project area encompasses the City of Millbrae's downtown district to the west along Magnolia Avenue between Murchison Drive to the south and Meadow Glen Avenue to the north and Old Bayshore Highway to the east. The project area was comprised of commercial and industrially zoned properties. Residential areas consisting of single family homes were not included in the project area.

Table 1

	Millbrae Redevelopment Project Area
Acres	450 acres
Adopted	July, 12, 1988

Prior to dissolution, the RDA initiated numerous programs and activities to accomplish the goals of the Project Area Plan. Accomplishments prior to dissolution included the adoption of the Millbrae Station Area Specific Plan and work on assembling parcels for future development as listed below (source: Five Year Implementation Plan):

- Implementation of the Millbrae Station Area Specific Plan

  Redevelopment efforts continued with respect to supporting implementation of the Millbrae Station Area Specific Plan (MSASP). The MSASP was adopted by the Millbrae City Council in 1998 and establishes 13 major sites for development in and around the BART/Caltrain Intermodal Station.

  Key development projects in which the Millbrae RDA played a contributing role include collaborative efforts with BART to find a developer for a key area near the Millbrae Intermodal Station at Sites 5 and 6 in the MSASP (see Figure 1 on page 5). Currently, there is a mixed-use project that has been proposed for these two sites. (see page 8). Another initiative was working with interested developers that were attempting to assemble the properties that constitute the pivotal Site 1 to the west of the Millbrae Intermodal Station. The RDA had entered into a series of Exclusive Negotiating Agreements for a period of time with these interested developers. The other sites surrounding the Millbrae Intermodal Station are largely underutilized and are ripe for redevelopment in accordance with the MSASP. The RDA was constantly on the look out for opportunities with respect to these other sites as well.

- Priority Development Area

  Priority Development Areas (PDAs) are locally-identified, infill development opportunity areas within existing communities. They are generally areas of at least 100 acres where there is local commitment to developing more housing along with amenities and services to meet the day-to-day needs of residents in a pedestrian-friendly environment served by transit.

  The PDA area around 100 El Camino Real has both an adopted land use plan and a resolution of support from the City Council. With this designation, the Millbrae Station Area is eligible for capital infrastructure funds, planning grants and technical assistance grants from the Metropolitan Transportation Commission (MTC) and the State of California. The Executive Board of the Association of Bay Area Governments (ABAG) adopted the first round of PDAs, including Millbrae's, on November 15, 2007.

- The Grand Boulevard Initiative

  The Grand Boulevard Initiative (GBI) is a collaborative effort of 19 cities, counties, local and regional agencies to improve the performance, safety, and aesthetics of El Camino Real and to provide coordinated planning for the entire corridor. The GBI vision is for El Camino Real to achieve its potential as a vibrant multimodal corridor that connects places where residents work, live, shop and play. The vision will be achieved by integrated land use and transportation planning that targets infill development along the corridor and balances the need for cars and parking with transit, walking and biking. One Hundred (100) El Camino Real is crucial to the future realization of this vision for the El Camino Corridor.

- Assist in land assembly for key Millbrae Station Area development sites

  Related to the efforts described above to work with interested developers attempting to assemble the parcels for Site 1 development in the MSASP, the Millbrae Redevelopment Agency acquired from these developers the option to purchase the property of the former Zack's Restaurant at 100 El Camino Real in anticipation of the Site 1 development. The City then exercised its option to purchase this property which fronts El Camino Real between Victoria and Millbrae Avenues.

Following are key goals taken from the RDA's Five Year Implementation Plan. All of these goals provide a framework for the redevelopment efforts in the project area, and more specifically, around the Millbrae Intermodal Station. Key goals of the plan include:

Goal 1:	Ensure that the City's industrial and commercial areas remain vibrant and economically viable by addressing any potentially deteriorating conditions due to high vacancies, vacant and underutilized sites, graffiti and other activities that may potentially damage property or have a negative impact on businesses.
Goal 2:	Address any barriers for businesses located in the downtown and along El Camino Real that limit expansion and attraction of new retail and other commercial businesses.
Goal 3:	Ensure there is a balance of residential, industrial and commercial uses in the City to sustain the City's economic base and provide amenities for residents.
Goal 4:	Support and assist, if necessary, new development opportunities in the Millbrae Station Specific Plan area that link to mass transit facilities.
Goal 5:	Ensure there is sufficient traffic capacity and infrastructure to support development in the Millbrae Station Specific Plan Area and the downtown.

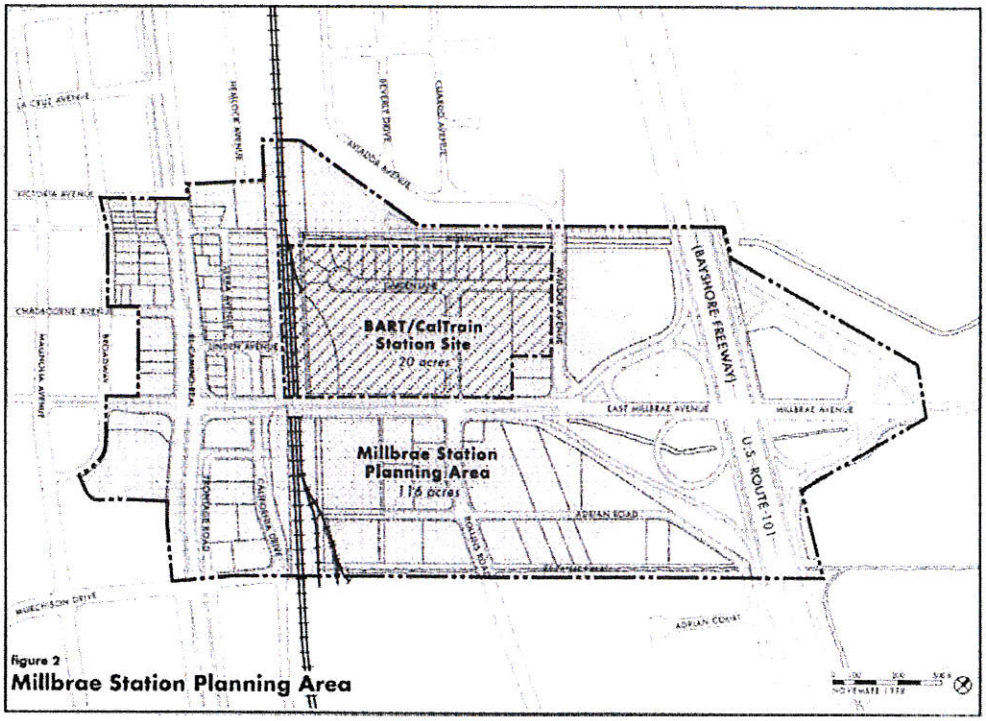
Millbrae Station Area Specific Plan

In 1998, as part of a citywide General Plan update, the City adopted the Millbrae Station Area Specific Plan (MSASP) to set a vision for redevelopment of the 47 acres around the BART/Caltrain Intermodal Station (see Figure 1). The MSASP automatically confers special zoning upon that land for higher density housing, retail, restaurant, office, hotel, and entertainment in a mixed-use setting. The City and RDA, during its existence, were working to facilitate new development within

the MSASP area. The goals were to create a high quality image at the City's main entry gateway and to encourage pedestrian and transit oriented development around the MSASP. Since Millbrae is a small city and almost completely built out, the MSASP area offers the greatest potential for the future growth and development of the City.

The Plan area is divided into 13 subareas or "sites" which are grouped by location, such as the "Bayshore Freeway Frontages" and the "El Camino Corridor." Each group of areas has different allowable and conditional land uses and contains unique development standards and design guidelines for building height, setback, and massing. The main goal of the MSASP is redevelopment and intensification of uses, with a "townscape" theme, for the physical improvement, economic revitalization, and long-term social and cultural benefit of the City. The Millbrae Intermodal Station opened in 2002 changing the fabric of the commercial community in fundamental ways and providing new opportunities for residential, hotel, office and retail development.

Figure 1

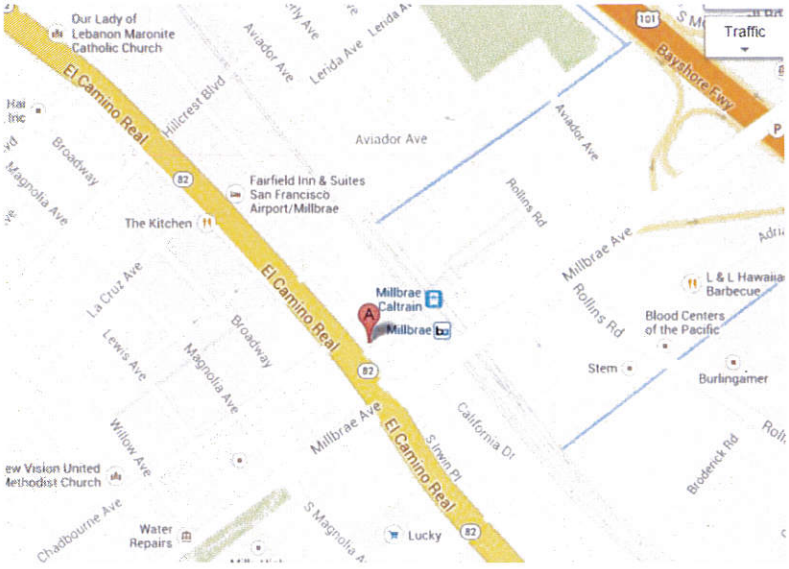


100 El Camino Real

In 2008 the Redevelopment Agency Board authorized the acquisition of the property located at 100 El Camino Real. The RDA purchased the property to facilitate the implementation of the Redevelopment Plan for the project area and the development goals of the MSASP. The property is currently being used as a restaurant (see Figure 2 and 3).

Figure 2

Figure 3



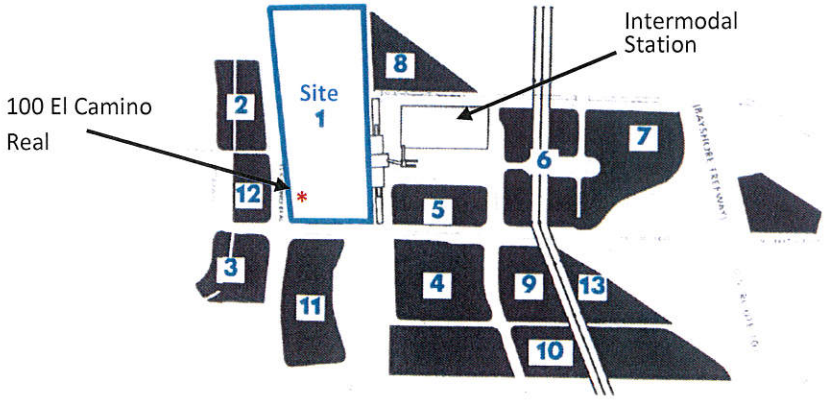
a) Acquisition Information

The Agency purchased this property on October, 2008 for $1,125,000.

b) Purpose of Acquisition

The RDA purchased this property in an effort to preserve and enhance the opportunity to assemble and combine it with other adjacent properties to create a 5 acre site (Site 1 of the MSASP, see Figure 4). Assembling Site 1 properties would facilitate the development of Millbrae Station Pavilion, a mixed-use transit oriented development situated adjacent to and creating a grand, pedestrian friendly entrance from the west to the Millbrae Intermodal Transit Station. By purchasing this property and adjacent sites, the Millbrae Station Pavilion development would bring various commercial uses including retail, office and hotel uses and some residential units to the City's western gateway.

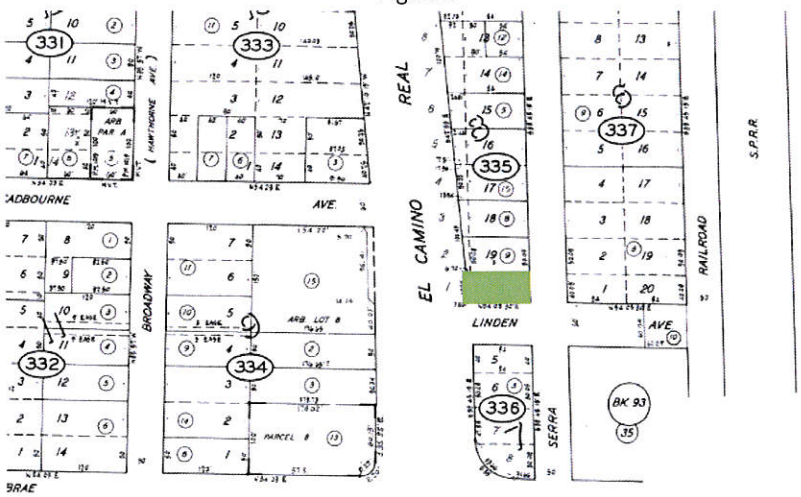
Figure 4



c) Parcel Data

100 El Camino Real, APN 024-335-100: This is a 3,575 sq. ft. lot measuring approximately 40 feet by 89 feet (see Figure 5). The parcel is zoned C - Commercial.

Figure 5



d) Estimate of Current Value

The property has not been appraised since its acquisition. Successor Agency staff estimates that the property's value today is close to its book value of $1.125 million.

e) Revenues Generated by Property/Contractual Requirements

The property generates $51,360 per year in rent revenue from the Boiling Bay restaurant. Revenues are not committed to any contractual requirement; however, a limited portion of funds is needed for certain responsibilities of the landlord under the lease in operating and maintaining the property.

f) Environmental Contamination and Remediation

The RDA has not conducted any environmental studies on the property. However, given its prominent location at the intersection of two major arteries, it is possible the land could have been used for automotive purposes in the past. It would be prudent to conduct a Phase I environmental study (and potentially Phase II) prior to any conveyance of the property to a third party in the future.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

The property is located steps from the Millbrae Intermodal Transit Station (see Figure 6). The Station serves as an intersection of BART, Caltrain and bus service, the later constituting SamTrans bus lines and private shuttles. In the future, it will also serve as a station for the California High Speed Rail System. The station also provides a direct BART link to the San Francisco Airport. Given the property's prominent location next to multiple public transit systems and services, it is an ideal location for transit oriented development, as envisioned by the MSASP, including residential units contemplated on Site 1 and adjacent sites (see Table 2).

Figure 6

Table 2

Office	316,000 – 1,000,000 sq. ft.
Retail	67,000 – 100,000 sq. ft.
Residential	250 – 297 units
Hotel	0 -100 rooms

h) History of Development Proposals and Activity

In 2006 Fancher Partners submitted plans to develop Millbrae Station Pavilion on Site 1 of the MSASP. The Millbrae Station Pavilion (Pavilion) development envisioned a 547,425 square foot mixed-use development, incorporating hotel, office, residential, retail, restaurants and cinema components (See Figure 7). The project was comprised of two six-story buildings and included a major public space linking the Pavilion to the adjacent Millbrae Intermodal Transit Station. The project would have consisted of 231 residential units, 131 hotel rooms, 32,944 sq. ft. of office space, 105,334 sq. ft. of retail space and a 27,820 sq. ft. cinema with 1,256 seats. Fancher Partners withdrew the development plan when they were unable to complete assemblage of the property. However, they offered the RDA the opportunity to exercise some options to purchase various parcels in Site 1 that they had been successful in negotiating, but had insufficient funds to consummate the acquisitions. The RDA studied carefully the various options that Fancher held, considered its available resources, and decided upon the exercise of one option. This resulted in the RDA's acquisition of 100 El Camino Real.

Figure 7

Property Disposition

With the dissolution of redevelopment, the City lost a significant amount of funding that was available for fulfilling the RDA's and City's vision to build out the Millbrae Station Area. The adoption of AB1484 (the clean-up legislation for ABx1 26), however, gives the City the opportunity to retain property that is suitable for transit oriented development (TOD) and to advance the project area's redevelopment plan and MSASP objectives/goals.

The City's General Plan and MSASP, as well as AB 1484, emphasize the need to improve and develop properties surrounding the BART/Caltrain Intermodal Stations. Redevelopment of such properties will help achieve more efficient land use, stimulate mixed-use and transit-oriented development, and improve connections between residential/employment centers and transit hubs. In addition, the public improvements and land assembly will contribute to environmental and economic sustainability by improving transportation and pedestrian linkages, enhancing residents' and commuters' access to every day commercial needs and increasing connectivity and accessibility within the community and among neighboring communities.

The one parcel now owned by the Successor agency at 100 El Camino Real is located in a pivotal potential TOD area and is an integral part of the Grand Boulevard Initiative and Priority Development Area and should be retained for future development to fulfill the goals and objectives described above. Currently, a developer is proposing to break Site 1 into a multi-phased development project. The first phase would encompass building areas A, B and C as shown in Figure 8 and 9 below. The first phase would not include 100 El Camino Real.

Figure 8 - Site Plan

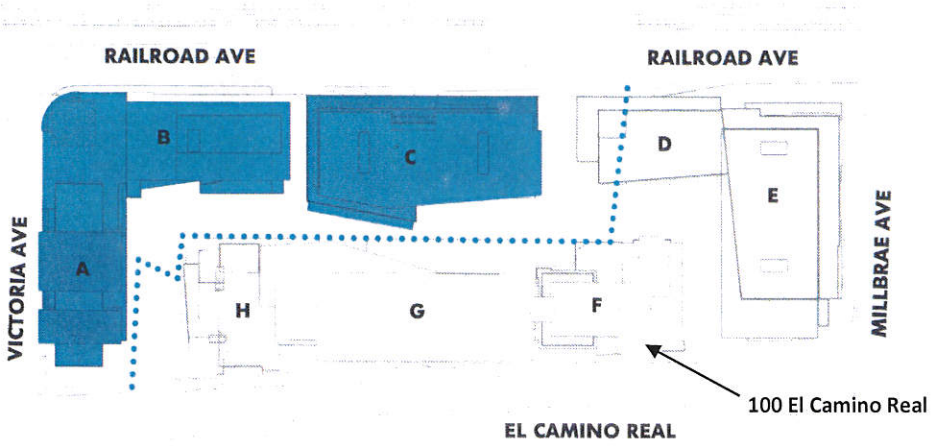
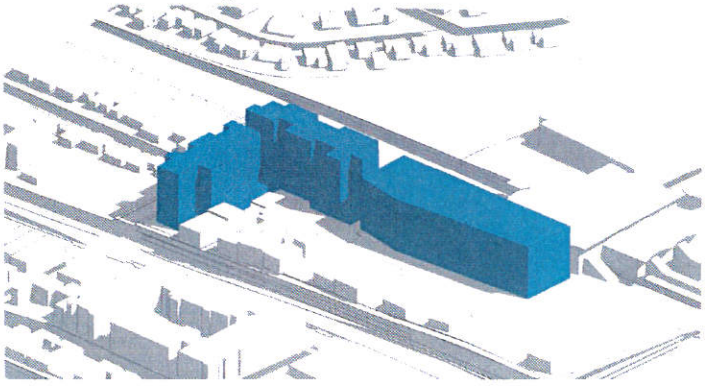
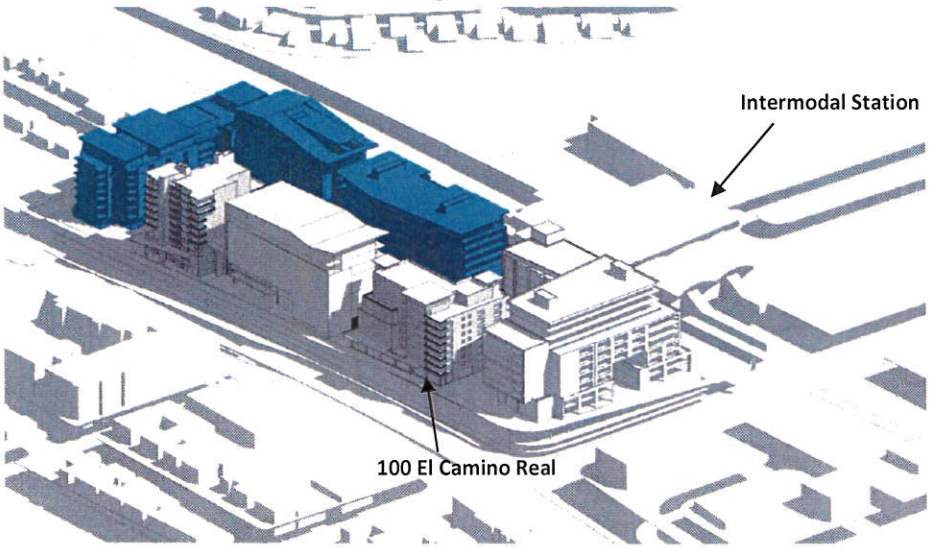


Figure 9 - 3-Dimensional View



The proposed development of building areas A, B and C will have an immediate impact on the remaining Site 1 properties. It will demonstrate to current property owners the development potential of their land and lay a foundation for increased effort by the development community to complete the assemblage of Site 1 and build additional transit oriented development on the remaining areas in Site 1, including 100 El Camino Real (see Figure 10).

Figure 10



The sale of 100 El Camino Real to a private party would undermine the City's goals and objectives. It would either increase the difficulty of assembling the remainder of Site 1 or create a situation where a new owner would receive a financial windfall when the assemblage is completed. Ensuring the future development of 100 El Camino with a high-density TOD project as envisioned by the MSASP and the Redevelopment Plan will ultimately be of greater benefit to the taxing agencies by facilitating the most opportune use of the property and thereby ensuring increased property tax revenues in the future. It will also comply with the State's mandate to facilitate the existence of housing opportunity sites to advance the City's Regional Housing Need Allocation targets for affordable and market rate housing.

Conclusion

In summary and for the reasons set forth above, this LRPMP directs that the one property at issue, 100 El Camino Real, be used or sold for a project identified in the approved Redevelopment Plan in accordance with Health and Safety Code Section 34191.5(c)(2)(A). In addition, the City and the Taxing Entities will enter into a Compensation Agreement pursuant to Section 34180(f). The

Compensation Agreement shall meet the characteristics described in the Compensation Agreement section of this LRPMP (see page 13). Upon approval of this LRPMP, the property will transfer from the Community Redevelopment Property Trust Fund to the City, subject to the terms of this LRPMP. The Successor Agency is authorized and directed to take all actions necessary to cause such transfer of this property to the City and to take all necessary steps to carry out goals and objectives of the LRPMP. To carry out the goals and objectives of the LRPMP, the City will take the following steps:

Designation of Land as not "surplus property"

Because the City is obligated to dispose of the Property in accordance with this LRPMP and to satisfy goals, objectives and purposes of the Redevelopment Plan and the Redevelopment Dissolution Statutes, the Property is not "surplus" property of the City and is not subject to the disposition requirements and procedures of the Surplus Lands Act (Government Code Section 54220 *et seq.*). Instead, disposition of the Property in accordance with this LRPMP and in a manner that satisfies the goals, objectives and purposes of the Redevelopment Plan and the Redevelopment Dissolution Statutes will constitute a "common benefit" that may take place under authority of Government Code Section 37350 and/or other disposition authority deemed appropriate by the City. The provisions of the California Environmental Quality Act and Government Code Section 65402(a) regarding General Plan conformance will apply to the disposition of the property.

Guidelines for the Development of Properties

Upon the transfer of property pursuant to this LRPMP and the Redevelopment Dissolution Statues, the City will use a number of methods and procedures to advance the development of the property to its full potential. The methods and procedures to be utilized by the City will depend on the marketability, financial feasibility, accessibility, conditions and complexity of the property as well as the status and progress of adjacent development. These methods may include, but not be limited to:

- Request for Qualifications (RFQ) – to identify prospective developers
- Request for Proposals (RFP) – to obtain bids for a development project
- Exclusive Negotiating Rights Agreements (ENRA) – to negotiate with a specific developer
- Disposition and Development Agreements (DDA) – to dispose of land pursuant a development agreement
- Cooperation Agreements – to include the City's participation in the development of the property in the event it necessitate public participation in order to advance the development of the property or a public goal such as (but not limited to) affordable housing

The property will be sold at fair market value through a negotiated purchase and sale agreement. The City will work with a developer that proposes the highest best use of the property. It is estimated that such a development will bring the highest net value to the taxing agencies through a combination of sale proceeds and future tax revenues. The City will encourage the development of the property as soon as possible, recognizing however, that the ultimate disposition and development of the property will depend on market conditions beyond the City's control.

Use of Sale Proceeds

The proceeds received from the sale of 100 El Camino Real, if any, are anticipated to be programmed to advance the achievement of the development potential in accordance with the Redevelopment Plan, the MSASP and the Redevelopment Dissolution Statutes and to attain the goal of creating Transit Oriented Development at Site 1, the western entrance to the BART/Caltrain Intermodal Station. Proceeds, if any, will be used to reimburse and fully cover the following activities and purposes:

- Environmental remediation of contamination as it is unknown at this time whether the property may have environmental contamination that must be removed prior to being suitable for residential development or public use.
- Expenses of sale including but not limited to an appraisal, commissions and other customary and reasonable expenses relating to the sale of the property.

Use of Rental Proceeds

The rental proceeds received from the lease of 100 El Camino Real, if any, will be programmed and used to cover expenses associated with the management, maintenance and operation of the property until such time as the property is sold and developed. Such expenses may include but not be limited to, repairs and maintenance related to normal wear and tear, structural and system upgrades as necessary, broker commissions, permits and inspections and property management. The City will maintain accounting records of all property revenues and expenses.

Compensation Agreement

Prior to 100 El Camino Real being transferred to the City pursuant to Section 34191.5(c)(2)(A) and this LRPMP, the City and the Taxing Entities will enter into a Compensation Agreement pursuant to Section 34180(f). The Agreement entered into by the City and Taxing Entities shall:

A. Address compensation to the Taxing Entities for the property that is transferred to the City in accordance with Health and Safety Code Section 34191.5(c)(2)(A) and this LRPMP;

B. Be approved by the Oversight Board;

C. Be executed by the City and all of the Taxing Entities as identified by the County Auditor-Controller, and by the County Auditor-Controller if required;

D. Provide that specified proceeds from the subsequent disposition of the property or properties by the City pursuant to a DDA will be distributed to all of the Taxing Entities on a pro rata basis in proportion to each Taxing Entity's share of the base property tax revenues, as determined by the County Auditor-Controller;

E. Provide for the retention by the City of specified proceeds from the subsequent disposition of the property or properties by the City pursuant to a DDA to reimburse the City for the costs incurred for maintenance, improvement and disposition of the property or properties, for procurement of pollution legal liability insurance related to the property or properties and for the relocation of any tenants subject Federal and State relocation laws and regulations;

F. May contain other mutually acceptable terms to implement the intent of Sections 34180(f) and 34191.5 and this LRPMP with respect to the property or properties.