

RESOLUTION NO. OB 14-02

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO
THE SAN CLEMENTE REDEVELOPMENT AGENCY APPROVING A LONG RANGE
PROPERTY MANAGEMENT PLAN FOR SUCCESSOR AGENCY PROPERTIES

WHEREAS, the San Clemente Redevelopment Agency ("Redevelopment Agency") was a redevelopment agency in the City of San Clemente ("City"), duly created pursuant to the California Community Redevelopment Law and Health and Safety Code Section 33000, et. seq.; and

WHEREAS, the City Council of the City of San Clemente ("City") adopted a redevelopment plan for San Clemente's redevelopment project area; and

WHEREAS, Assembly Bill x1 26 chaptered and effective on June 27, 2011 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code ("HSC"), which caused the dissolution of all redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 chaptered and effective on June 27, 2012 (together, the "Dissolution Act"); and

WHEREAS, as of February 1, 2012, the Agency was dissolved pursuant to the Dissolution Act and as a separate legal entity the City Council of the City adopted Resolution No 12-04 on January 17, 2012, pursuant to Part 1.85 of the Dissolution Act, electing for the City to serve as the successor agency to the San Clemente Redevelopment Agency under the Dissolution Act ("Successor Agency"); and

WHEREAS, on June 27, 2012 Assembly Bill 1484 amended the Dissolution Act and added requirements in Health and Safety Code Section 34191.5 that requires the Successor Agency to submit a Long Range Property Management Plan for the disposition of property within six months of the issuance of the Finding of Completion to the Oversight Board and California Department of Finance, and

WHEREAS, the Department of Finance issued a Finding of Completion on June 20, 2013 for the Successor Agency to the San Clemente Redevelopment Agency; and

WHEREAS, the Successor Agency has prepared a Long Range Property Management Plan in compliance with the provisions of Health and Safety Code Section 34191.5 and the guidelines posted on the Department of Finance web page; and

WHEREAS, the Long Range Property Management Plan determined the Pier Bowl Grass Area as a "public use" asset and recommends the transfer of the asset to the City of San Clemente to be retained for governmental use pursuant to Health and Safety Code Section 34191.5 (H)(2); and

WHEREAS, the Long Range Property Management Plan determined the Casa Romantica as a "public use" asset and recommends the transfer of the asset to the City of

San Clemente to be retained for governmental use pursuant to Health and Safety Code Section 34191.5 (H)(2);

NOW, THEREFORE, the Oversight Board of the Successor Agency of the San Clemente Redevelopment Agency does hereby resolve as follows:

Section 1. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Pursuant to Health and Safety Code Section 34191.4 of the Dissolution Act, the Oversight Board hereby approves the Long Range Property Management Plan dated September 12, 2013 (revised March 2014) transferring the governmental use assets to the City of San Clemente.

Section 3. 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.

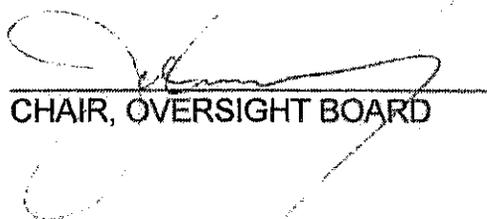
Section 4. The actions taken by the Oversight Board shall take effect upon the date of its adoption.

Section 5. The Secretary of the Successor shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED AND ADOPTED this 30th day of April, 2014

ATTEST:


SECRETARY, OVERSIGHT BOARD


CHAIR, OVERSIGHT BOARD

STATE OF CALIFORNIA)
COUNTY OF ORANGE) §
CITY OF SAN CLEMENTE)

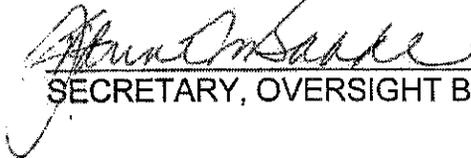
I, JOANNE BAADE, Secretary to the Oversight Board of the Successor Agency to the San Clemente Redevelopment Agency, hereby certify that the foregoing resolution was duly adopted at a special meeting of the Oversight Board held on the 30th day of April, 2014, by the following vote:

AYES: HAGGARD, HAMPTON, OBRERO, SUND, CHAIRMAN ANDERSON

NOES: NONE

ABSENT: FITZSIMONS, VEALE

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of San Clemente, California, this 5TH day of MAY, 2014.



SECRETARY, OVERSIGHT BOARD

LONG RANGE PROPERTY MANAGEMENT PLAN

SUCCESSOR AGENCY TO THE FORMER
SAN CLEMENTE REDEVELOPMENT
AGENCY



100 AVENIDA PRESIDIO
SAN CLEMENTE, CA 92672

September 12, 2013 (revised March 2014)

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**Long Range Property Management Plan
Successor Agency to the former San Clemente Redevelopment Agency**

Introduction

On June 27, 2012, Governor Brown signed into law Assembly Bill 1484 (AB 1484), a budget trailer bill that made 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 property. This document is the Long Range Property Management Plan for the Successor Agency to the former San Clemente Redevelopment Agency (City of San Clemente).

Executive Summary

During its life, the San Clemente Redevelopment Agency purchased properties and provided funding for improvements (including improvements to City-owned assets) to redevelop and revitalize the project area. These project area improvements were in the Pier Bowl area and included the beach trail, a park, pier improvements, sidewalk improvements, landscape improvements and streetscape enhancements. At the time of dissolution, the Redevelopment Agency owned and controlled two redeveloped properties that included land, buildings and improvements.

These two properties were acquired to revitalize the City of San Clemente through recreation and cultural purposes. The following table lists property assets owned by the Agency (upon dissolution) and the planned disposition or use of the assets in the future.

Property	Description	Planned disposition or use
Pier Bowl Grass Area	Address: 625 Avenida Del Mar. Other: Public park land totals 28,933 sq. ft. located between Avenida Victoria and the railroad tracks	Public use ¹ – park area
Casa Romantica Cultural Arts and Education Center (Casa Romantica)	Address: 415 Avenida Granada Other: This parcel of land (2.39 acres) is the homesite of the City's founder, Ole Hanson, and is a landmark on the National Register of Historic Places.	Public use ¹ – cultural center and satellite for library

¹ Based on Health and Safety Code Section 34181(a) these are categorized as public use properties.

In summary, the Pier Bowl Grass Area is currently maintained by the City as a park and the Casa Romantica is operated under a long-term agreement with a non-profit benefit corporation to operate it as a cultural, historical, and education center for the benefit and enjoyment of the community. The Casa Romantica, under Section 3.1 (Exhibit B) of the lease, provides programs and activities including art exhibits, housing of historic materials, as a satellite location to the Library, a resource for the Capistrano Unified School District and Saddleback Community College District, performing and visual art events, and other collaborative events. In addition, under Section 3.3 of the lease, the City can use the facility for uses consistent with the operation for up to 9 days per year. The two properties are described in more detail within this plan. The detailed information includes a history of the properties, followed by information on the individual properties, and the current planned disposition or use.

The transfer of these governmental use properties to the City were previously approved by the Oversight Board. However, the State Department of Finance requires the filing of a Long Range Property Management Plan as required by Health and Safety Code (HSC) Section 34191.5 to address the disposition.

Note: This report does not address the Avenida Serra Workforce Housing, which based on HSC Section 34176 was transferred to the RDA housing successor and approved by the Department of Finance (see Exhibit 2).

History of Development Proposals and Activities

The following section provides a brief history on the two properties.

Pier Bowl Grass Area

Both parcels, listed as the Pier Bowl Grass Area, were deeded to the San Clemente Redevelopment Agency by final order of condemnation on January 12, 1977 for community redevelopment uses, including recreational parks and open space. In 1977, the condemned Resort Motel was removed and the area was cleaned up for community redevelopment uses. This removal served to eliminate blight in the area near the pier bowl and the park area is now designated as "public" in the City General Plan. The land provides a park atmosphere to the Pier Bowl area.

Casa Romantica Cultural Arts and Education Center

On December 20, 1988, the Redevelopment Agency of the City of San Clemente purchased 2.39 acres of real property, located in the project area, from the Welsh Family. This location, known as Casa Romantica, was the home of the City's founder, Ole Hanson, which is a designated landmark on the National Register of Historic Places. The Casa Romantica parcels were acquired to preserve and revitalize a portion of San Clemente's historical culture.

On March 24, 1999, City Council authorized staff to develop, in partnership with the Orange County Community Foundation, a Master Plan Study for the Casa Romantica to examine its potential as a Cultural/Arts/Education/Historic Center. In FY 2001, a non-profit corporation "Casa Romantica Cultural Center and Gardens" (CRCC) was formed to operate and maintain the programs and activities for the benefit of the community. On June 19, 2002, Council authorized a contract to construct improvements to the Casa Romantica Cultural Arts and Education Center. The scope of work involved grading, landscaping, additions and alterations to the building, installation of fire sprinkler system, new electrical, plumbing, mechanical systems and the construction of new parking lot and outdoor amphitheater. This historic site provides an array of art and cultural activities for the community year-round.

Inventory

Section 34191.5(c)(1) of the Health and Safety Code, which was added as part of AB 1484, requires that the Long Range Property Management Plan include an inventory of all properties held in the Community Redevelopment Property Trust Fund. As per this statute, the information in the inventory section addresses the Pier Bowl Grass Area and the Casa Romantica Cultural Arts and Education Center.

The following information is provided for each of the two properties.

- Date of acquisition and its value at the time, and an estimate of current value (if available).
- Purpose for which the property was acquired.
- Parcel data for each property, including address, lot size and current zoning.
- Estimate of the current value of the parcel, including any appraisal information, if available.
- Estimate of any lease, rental, or other revenue generated by the property and a description of the contractual requirements for disposition of those revenues.
- History of environmental contamination or remediation efforts.
- Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.
- Brief history of previous development proposals and activities, including the rental or lease of property.

Pier Bowl Grass Area
Assessor Parcel Numbers 692-031-01 and 692-014-01
625 Avenida Del Mar/601 Avenida Victoria Property

Date of Acquisition and its value at the time, and an estimate of current value (if available).

Two parcels were deeded to the San Clemente Redevelopment Agency by final order of condemnation on January 12, 1977. The Redevelopment Agency demolished and removed from the area an existing 29 year old 16 room oceanfront motel and 2 commercial stores to create 28,931 square feet of permanent open space adjacent to the beach. The historic cost of this property was \$304,047 in March of 1977. No recently conducted appraisal is available for the property, however, given that the property is restricted to passive public open space uses and the City pays the property's ongoing maintenance, the property is estimated to have a \$0 value based on its use. The City currently pays maintenance costs of the park area.

Purpose for which the property was acquired.

These assets were acquired for redevelopment and revitalization purposes. The land is designated "public" in the City General Plan and is not for development. The land is for public use and provides a park atmosphere for the City Pier Bowl area, which was not there previously.

Parcel data for each property, including address, lot size and current zoning.

This property is 28,931 square feet in size and located at 625 Avenida Del Mar between Avenida Victoria and the railroad tracks above a sandy beach area. The assessor parcel numbers are 692-031-01 and 692-014-01. These properties are designated "public" in the General Plan and zoned for "Beach and Parks – Open Space" in the Pier Bowl Specific Plan.

Estimate of the current value of the parcel, including any appraisal information, if available.

While no current appraisal is available on the property, given that the property is devoted exclusively to passive public open space uses and the City is required to pay for the property's ongoing maintenance, the property is estimated to have a \$0 value.

Estimate of any lease, rental, or other revenue generated by the property and a description of the contractual requirements for disposition of those revenues.

This property has been designed as a public park area for the pier bowl area and does not generate revenue. In fact, the maintenance costs of the park are paid by the City of San Clemente.

History of environmental contamination or remediation efforts.

These two parcels contained condemned property that was deeded to the City in fee simple absolute in January of 1977, and the structures were demolished. This site has no known environmental issues.

Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

These two grassy area parcels are not for development and used for pedestrian traffic, providing a walkway between public parking and the Amtrak station and pier area. Pursuant to a judgment entered in a lawsuit between the City and the lessee of the Fisherman's Restaurant, the City is prohibited from allowing any food or beverage operations to be conducted on this property. The parcels are of public benefit and provide a park area in the Pier Bowl area.

Brief history of previous development proposals and activities, including the rental or lease of property.

These two land parcels were received by judicial decree in January of 1977 and the Redevelopment Agency disposed of three condemned buildings that were on the site in March of 1977. This property was then revitalized to a park amenity for the benefit of the public and designated as park land area. Currently, this area provides a calm and relaxing park atmosphere for the public to enjoy. There are no development plans or activities associated with this asset.

**Casa Romantica Cultural Arts and Education Center
(Casa Romantica)
Assessor Parcel Numbers 692-012-38 and 692-012-39
415 Avenida Granada**

Date of Acquisition and its value at the time, and an estimate of current value (if available).

These two parcels, which include land and real property, were purchased on December 20, 1989 under an agreement for \$2.5 million (\$500,000 cash and a \$2,000,000 promissory note) by the San Clemente Redevelopment Agency, using property tax Increment revenue. This property includes a historical site that was the home of the founder of San Clemente, Ole Hanson, and is known as the Casa Romantica Cultural Center. While no recently conducted appraisal is available for the property, given that the property generates no rent, the use is exclusively for public non-profit cultural, historical, and educational purposes, the facility operates at a substantial deficit (with operating losses having to be offset with other contributions) with much of the maintenance and repair costs of the historical facility being a responsibility of the Redevelopment Agency (now, Successor Agency - see the First Amendment to the Lease and Operating Agreement, Par. 5 and Exhibit "C" attached thereto). The estimated maintenance and repair costs are \$30,000 annually, with higher costs in any one year based on the maintenance requirements. Therefore, the property is estimated to have a \$0 value. This property's operations are currently subsidized.

Purpose for which the property was acquired.

This property (Casa Romantica) was acquired since it was the home of the City of San Clemente's founder, Ole Hanson. Casa Romantica was acquired to preserve, restore and redevelop a historic landmark. The property is a designated landmark on the National Register of Historic Places and operated by a California nonprofit benefit corporation as a cultural center and gardens for the benefit of the entire community.

Parcel data for each property, including address, lot size and current zoning.

The property address is 415 Avenida Granada and the APN's are 692-12-38 and 692-012-39. This property is approximately 2.39 acres of land within the former Redevelopment Agency project area and includes land, building and improvements. Based on General Plan and Pier Bowl Specific Plans are considered MU 4.3 for cultural facilities, museums, and ancillary retail and gardens. Height requirements are restricted to 1.0, with no ocean view blockage.

Estimate of the current value of the parcel, including any appraisal information, if available.

While no recently conducted appraisal is available for the property, given that the use is exclusively for public non-profit cultural, historical, and educational purposes, and the facility operates at a substantial deficit (with operating losses having to be offset with other contributions) with much of the maintenance and repair costs of the historical facility being a responsibility of the Redevelopment Agency (now, Successor Agency - see the First Amendment to the Lease and Operating Agreement, Par. 5 and Exhibit "C" attached thereto). The property is estimated to have a \$0 value.

Estimate of any lease, rental, or other revenue generated by the property and a description of the contractual requirements for disposition of those revenues.

This property is currently being leased on a long-term basis for no rent to be operated as a cultural center and gardens for the benefit of the community by Casa Romantica Cultural Center (CRCC), a California nonprofit benefit corporation. Due to the financial obligations of maintaining the historic property, the Successor Agency contributes approximately \$30,000 annually for the detailed maintenance obligations under the First Amendment to the Lease and Operating Agreement.

History of environmental contamination or remediation efforts.

There is no history of environmental contamination on this site.

Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

There is no potential for transit-oriented development for this property. The property is already leased to the CRCC to provide educational activities at the Casa Romantica for all segments of the local community, including commemoration of local history, designing of programs that will attract and include culturally and ethnically diverse audiences and participants, scheduling of cultural and enrichment activities and events appealing to families and youth, and providing on-site curriculum-driven programs for school groups. The Casa Romantica attracts visitors from local and regional communities and beyond by developing appealing programs and exhibits.

Brief history of previous development proposals and activities, including the rental or lease of property.

These two parcels include land and real property purchased in January of 1989 by the San Clemente Redevelopment Agency for \$2.5 million (\$500,000 cash and a \$2,000,000 promissory note) from the Welsh Family. Other costs incurred brought the total historical capitalized value to \$2.8 million. At the time the RDA purchased the Casa Romantica property, it was used for residential purposes and was located in a zone that permitted high density residential use, the owner threatened to demolish the Casa Romantica and build a high-density condo project. The Agency completed the purchase to preserve the historic property. Subsequently, the property was down zoned.

In 1990, the development of the Casa Romantica was postponed by Council until various studies for the Pier Bowl area were completed. The Casa Romantica was operated as an event facility by the occupant while studies and development options were considered.

Starting in 1993, various development proposals were sought and received related to the development and restoration of the facility. These development proposals were unsuccessful for various reasons until March 24, 1999, when City Council authorized staff to develop, in partnership with the Orange County Community Foundation, a Master Plan Study for the Casa Romantica to examine its potential as a Cultural/Arts/Education/Historic Center.

In June 2001 the San Clemente Redevelopment Agency entered into a lease agreement with CRCC, a nonprofit benefit corporation, to operate the Casa Romantica as a cultural center and gardens for the benefit of the public at no cost. This lease was made for an initial period of ten (10) years with ten (10) automatic three (3) year extensions for a total of forty (40) years. The lease commenced on October 9, 2003, which was when the temporary certificate of occupancy was dated.

The Casa Romantica, under Section 3.1 (Exhibit B) of the lease, provides programs and activities including art exhibits, housing of historic materials, acts as a satellite location to the Library, a resource for the Capistrano Unified School District and Saddleback Community College District, performing and visual art events, and other collaborative events. In addition, under Section 3.3 of the lease, the City can use the facility for uses consistent with the operation for up to 9 days per year. The two properties are described in more detail within this plan. The detailed information includes a history of the properties, followed by information on the individual properties, and the current planned disposition or use. This lease also incorporates the following stipulations to continue the public use of the asset: Serve 15,000 visitors per year for the purpose of operating a cultural, historical and educational center open to the public and be open for a minimum of 40 hours per week.

During Fiscal Years 2002 to 2004 additions and improvements were made to the Casa Romantica to include an Arts and Education center, a garden, and other improvements in coordination with the CRCC. The total cost of the improvements exceeded \$2.2 million and was partially funded through an Orange County Community Foundation grant and a one-time contribution of \$1.0 million negotiated under a developer agreement on a development project unrelated to the Casa Romantica. Subsequently, additional improvements were also contributed from the CRCC over the years, as the CRCC was able to raise a

significant amount of donations for capital improvements. The capital improvements done by CRCC benefited the City and the Redevelopment Agency by improving the value of the Casa Romantica location and enhancing the project area with minimal taxpayer assistance.

Due to the substantial ongoing costs to maintain the facility, in July 2008 the Redevelopment Agency entered into an amendment relating to the Operating Agreement of the Casa Romantica lease. In that amendment, the RDA became obligated to pay for specific maintenance costs relating to the property. This operating assistance under the operating agreement is an Enforceable Obligation of the Agency with significant costs to be incurred for the exterior painting and related roof tile replacements currently due.

Uses and activities of the Casa Romantica under the operating agreement with CRCC include the following: provides programs and activities including art exhibits, housing of historic materials, acts as a satellite location to the Library, a resource for the Capistrano Unified School District and Saddleback Community College District, performing and visual art events, and other collaborative events. The City plans to continue these activities into the future, as this is not only a substantial benefit to the culture of the San Clemente community, but also showcases the City's diverse history.

**Grass Area and Casa Romantica
Use or Disposition of Properties Determination**

Section 34191.5(c)(2) of the Health and Safety Code requires that Successor Agencies address the use or disposition of all properties in the Community Redevelopment Trust Fund. The properties can be retained for government use, retained for future development, sold, or used to fulfill an enforceable obligation. The legislation goes on to state the following:

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

As can be determined based on the length of time the properties have been owned, San Clemente would continue to dedicate the two properties for governmental uses and purposes. The development of both properties were allowable redevelopment activities under HSC Section 33021 and are considered governmental uses allowed under HSC Section 34181 (a) and based on Public Resources Code Sections 5120-5132 and 5135-5138 and Government Code Sections 2531, 37361, and 37540 public museums, art galleries, cultural facilities, and historical sites are an established governmental use of property. A brief summary of each property follows:

The Pier Bowl Grass Area is dedicated as "public" use property for the benefit of the public. These park parcels fulfill the removal of blight in the community and provides for the recreational purposes within the project area.

The Casa Romantica is an historic structure used for the purpose of cultural enrichment of the community. As described in the previous sections, the former Redevelopment Agency, in agreement with the Casa Romantica Cultural Center and Gardens (CRCC), provides services not only to the community of San Clemente, but to thousands of visitors per year with the operation of a cultural, historical and educational center.

In conclusion, based on HSC Section 34181 (a), both properties will be transferred to the City of San Clemente pursuant to any existing agreements or use described above.

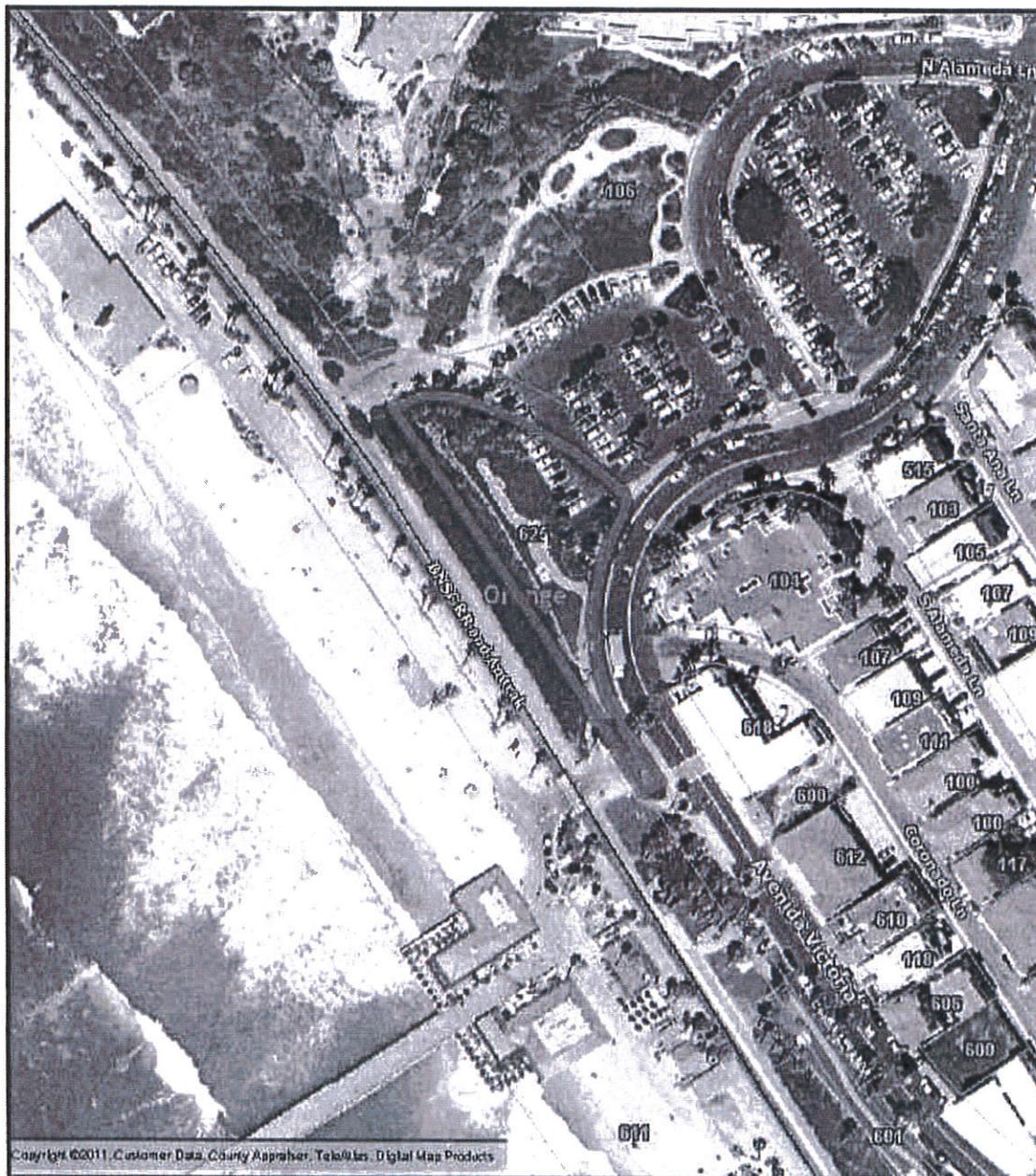
Attached to this long range property management plan are:

- Exhibit 1 – Aerial photos of the Agency properties
- Exhibit 2 – Department of Finance Housing Assets Transfer Approval Letter (Avenida Serra Affordable Housing property)
- Exhibit 3 – Lease and Operating Agreement with Casa Romantica Cultural Center and Gardens (CRCC) and the First Amendment

Long Range Property Management Plan

Exhibit 1

Aerial photos of the Agency properties



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Exhibit 1 - Casa Romantica Location



Casa Romantica