RESOLUTION NO. OBSA-24

RESOLUTION APPROVING A LONG-RANGE PROPERTY MANAGEMENT PLAN ADDRESSING THE DISPOSITION AND USE OF FORMER REDEVELOPMENT AGENCY PROPERTIES, AND AUTHORIZING THE DISPOSITION OF PROPERTY PURSUANT TO THE LONG-RANGE PROPERTY MANAGEMENT PLAN

WHEREAS, Health and Safety Code Section 34191.5(b) requires a successor agency to prepare and submit for approval to the oversight board and the California Department of Finance a long-range property management plan within six months of receiving a finding of completion; and

WHEREAS, Health and Safety Code Section 34191.5(c) requires that the long-range property management plan include certain information and address the disposition and use of real property that was owned by the former redevelopment agency; and

WHEREAS, the City of Santa Cruz Successor Agency ("Successor Agency") received its Finding of Completion under Health and Safety Code Section 34179.7 from the California Department of Finance on November 20, 2013; and

WHEREAS, the Successor Agency has prepared and approved for submittal to the City of Santa Cruz Oversight Board and the California Department of Finance a Long-Range Property Management Plan ("LRPMP") that includes the required information and addresses the disposition and use of real property formerly owned by the Redevelopment Agency of the City of Santa Cruz; and

WHEREAS, approval of the Plan will allow the City of Santa Cruz to retain certain properties for governmental use pursuant to Health and Safety Code Section 34191.5(c)(2); and

WHEREAS, the City of Santa Cruz Oversight Board has determined it is in the best interests of the affected taxing entities in Santa Cruz County to proceed with disposition and use of former Redevelopment Agency properties pursuant to the LRPMP; and

WHEREAS, the City of Santa Cruz Oversight Board approved the Long-Range Property Management Plan at its regular meeting on February 27, 2014; and

WHEREAS, the Department of Finance has requested that the Birch Lane Parking and Trash Enclosure Area previously transferred to the City of Santa Cruz be added to the Long-Range Property Management Plan; and

WHEREAS, if the Department of Finance is unable to agree with the Oversight Board's previous reconsideration of the Long-Range Property Management Plan, the Oversight Board authorizes the Successor Agency, subject to Successor Agency approval, to prepare and submit a modified Long-Range Property Management Plan to the Department of Finance changing the designation of all properties from "government use" to "future redevelopment activities," subject to a negotiated compensation agreement with the taxing entities as specified by Health and Safety Code section 34180 (f), 34191.5(c)(2)(A), and 34191.5(c)(2)(B).

NOW, THEREFORE, BE IT RESOLVED, by the Oversight Board to the Successor Agency of the former Redevelopment Agency of the City of Santa Cruz that the Oversight Board hereby approves the Long-Range Property Management Plan based on the foregoing recitals and the documentation presented to the City of Santa Cruz Oversight Board at a public meeting, the Successor Agency Oversight Board does resolve as follows:

SECTION 1. The City of Santa Cruz Oversight Board hereby approves the Long-Range Property Management Plan in substantially the form attached to this Resolution as *Attachment 1* with the addition of the Birch Lane Parking and Trash Enclosure Area.

SECTION 2. The City of Santa Cruz Oversight Board hereby approves additional non-substantive changes and information regarding the properties to be included in the Long-Range Property Management Plan subject to the agreement of staff and the Department of Finance in conformance with Health and Safety Code section 34191.5.

SECTION 3. The City of Santa Cruz Oversight Board finds and determines that the Long-Range Property Management Plan, the disposition and use of property pursuant to the Plan, will be of benefit to the taxing entities for the reasons set forth in the staff report accompanying this Resolution.

SECTION 4. The City of Santa Cruz Oversight Board hereby approves the transmittal of the LRPMP to the California Department of Finance substantially in the form attached hereto as *Attachment 1* and amended pursuant to Sections 1 and 2 above, and upon approval of the LRPMP by the Department of Finance, authorizes the Successor Agency to take such actions as necessary to implement the LRPMP.

SECTION 5. The City of Santa Cruz Oversight Board hereby approves the disposition and transfer of those properties identified in the LRPMP as future redevelopment activities, those properties needed to fulfill enforceable obligations, and those properties planned for future development, to the City of Santa Cruz in conformance with the Plan and Health and Safety Code Section 34191.5.

PASSED AND ADOPTED this 25th of September, 2014 by the following vote:

AYES: Bryant, Guevara, Hart; Vice Chair Ley

NOES: None

ABSENT: Coonerty, Spencer; Chair Mathews

DISQUALIFIED: None

APPROVED: _____
Chair

ATTEST: _____
Secretary/Clerk

City of Santa Cruz Successor Agency
Long-Range Property Management Plan (LRPMP)

Submitted to the California Department of Finance
in accordance with Health and Safety Code Section 34191.5.

February 27, 2014
(Amended December 2014)

Property Name: **Del Mar Theatre**

A. Date of acquisition, value of property at time of acquisition, and an estimate of the current value as required by Health and Safety Code Section 34191.5(c)(1)(A).

The property was purchased on 6/20/2001 for $1,252,862.70. The net book value of land and building is currently estimated at $1,051,012.56.

B. Purpose for which the property was acquired as required by Health and Safety Code Section 34191.5(c)(1)(B).

When United Artist Theatre, Inc. listed the property for sale in 1999, community members urged the Redevelopment Agency to acquire the historic 1936 art deco movie theatre in order to preserve the historic landmark and to provide a much needed venue for artists, nonprofits and government agencies to use the property for film screenings, lectures, governmental town hall meetings and performance events. Community use guarantees access for the public to preserve the theatre as a venue for film and performings arts events primarily used by non-profits. Additionally, the Agency wished to eliminate blight in the downtown caused by the vacant, rat-infested theatre, which was in drastic disrepair.

C. Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan as required by Health and Safety Code Section 34191.5(c)(1)(C).

1120-1126 Pacific Avenue
APN 005-153-10
Lot Size: 21,310 sq. ft.
Current Zoning: CBD Central Business District
Assessor Use Code:
Use Permit: City Park/Recreation
General Plan: RVC - Regional Visitor Serving Commercial

Exhibit A provides a GIS map of the property.
Exhibit B provides the Tax Assessor's Map of the property.

532 Front Street
APN 005-153-02
Lot Size: 987 sq. ft.
Current Zoning: CBD Central Business District
Assessor Use Code: Miscellaneous City Property
General Plan: RVC - Regional Visitor Serving Commercial

Exhibit C provides a GIS map of the property.
Exbhiti D provides the Tax Assessor's Map of the property.

D. Estimate of the current value of the parcel including, if available, any appraisal information as required by Health and Safety Code Section 34191.5(c)(1)(D).

The full book value is $1,733,456.76.

E. 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 as required by Health and Safety Code Section 34191.5(c)(1)(E).

Total estimated rent revenue based on FY 2012 is $106,335.82. Nickelodeon Theatres, Inc., has a lease through 9/30/2031 with an annual base rent of $28,800 plus a percentage rent of 7.5% of ticket and concession sales over $384,000. In 2013 the percentage rent was $44,888. LaPlaya has a lease through 9/30/2016 with an annual rent of $12,480. Santa Cruz Jewelers has a lease through 9/30/2016 with an annual rent of $10,800. Delmarette LLC has a lease through 1/31/2023 with annual rent of $17,078. Rent revenue is used for property maintenance and capital repairs.

The Master Lease Termination Agreement includes a right of first offer guaranteed to the Swenson/Ow Joint Venture. For any potential sale of the Del Mar the property must first be offered to the Swenson/OW Joint Venture due to the right of first offer clause in the Master Lease Termination Agreement executed on 12/14/2007. The Master Lease Termination Agreement is attached as Exhibit E.

Memorandum of Lease Agreement with the Nickelodeon Theatre, Inc., recorded on 3/2/2012, guarantees that Nickelodeon Theatre, Inc. can exercise all four of its five remaining lease extensions under the Subject Lease Agreement assumed by the Redevelopment Agency as an obligation when the Master Lease Termination Agreement was executed. The Memorandum of Lease Agreement is attached as Exhibit F.

F. History of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts as required by Health and Safety Code Section 34191.5(c)(1)(F).

On June 7, 2001, a Phase I/II Environmental Site Assessment reported low-level detection of cis-1,2-Dichloroethene in groundwater, at concentrations slightly exceeding State Maximum Cleanup Levels. Environmental Site Assessment is attached as Exhibit G.

G. Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency as required by Health and Safety Code Section 34191.5(c)(1)(G).

The historic property cannot be easily redeveloped for transit-oriented use in the middle of the block.

H. Brief history of previous development proposals and activity, including the rental or lease of the property as required by Health and Safety Code Section 34191.5(c)(1)(H).

After United Artists Theatre, Inc. filed for Chapter 11 bankruptcy on 9/5/2000, the former Redevelopment Agency negotiated a public/private partnership with George Ow Properties and Barry Swenson Builders, as the master leaseholder, who in turn entered into a long-term sub-lease with Nickelodeon Theater, Inc., in order to preserve the historic Del Mar Theatre, which was an empty storefront since 1998.

I. 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 as required by Health and Safety Code Section 34191.5(c)(1)(I).

Transfer to the City of Santa Cruz for future redevelopment activities subject to a negotiated compensation agreement with the taxing entities as specified by Health and Safety Code sections 34180(f), 34191.5(c)(2)(A), and 34191.5(c)(2)(B).

Transfer to the City would ensure that (1) portions of the Theatre are made available to non-profit and government agencies for affordable public/community access as stipulated in the lease and (2) tenant subleases for retail space on the property can be honored until agreement expiration.

Property Name: **Eastside Parking Lot and Emergency Operations Center Staging Area**

A. Date of acquisition, value of property at time of acquisition, and an estimate of the current value as required by Health and Safety Code Section 34191.5(c)(1)(A).

The property was purchased on 10/25/1993 for $485,000. The appraised value at the time was $520,000. Estimated current value is $485,000.

B. Purpose for which the property was acquired as required by Health and Safety Code Section 34191.5(c)(1)(B).

The purpose for the acquisition was for development as a public off-street parking lot, as approved in the Redevelopment Plan for the Eastside Business Improvement District.

C. Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan as required by Health and Safety Code Section 34191.5(c)(1)(C).

1111 Soquel Avenue
APN 10-042-34 and APN 10-042-19
APN 10-042-19 Lot Size: 23,975 square feet
APN 10-042-34 Lot Size: 4,835.16 square feet
Current Zoning: CC Community Commercial
Assessor Use Code: Vacant City Land
General Plan: MXHD Mixed High Density

Exhibit H provides a GIS map of the property.
Exhibit I provides the Tax Assessor's Map of the property.

D. Estimate of the current value of the parcel including, if available, any appraisal information as required by Health and Safety Code Section 34191.5(c)(1)(D).

$520,000.00 based upon the last appraisal dated 7/2/1992. The book value of the parcels is $485,000.00.

E. 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 as required by Health and Safety Code Section 34191.5(c)(1)(E).

No

F. History of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts as required by Health and Safety Code Section 34191.5(c)(1)(F).

El Rancho Auto Sales occupied the site in 1961 but no evidence of leaked petroleum products were found in the 1993 Environmental Site Assessment (ESA) performed by Weber & Associates. Due to the shallow depth of groundwater and nearby businesses there is the potential for undocumented soil and groundwater contamination, according to the 1993 ESA.

G. Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency as required by Health and Safety Code Section 34191.5(c)(1)(G).

Given the adjacency to Fire Station No. 2 and the mid-block location on Soquel Avenue, there is little potential for transit-oriented development at 1111 Soquel Avenue.

H. Brief history of previous development proposals and activity, including the rental or lease of the property as required by Health and Safety Code Section 34191.5(c)(1)(H).

The Eastside Redevelopment Project Area was initially formed largely to provide a tool for addressing the gross lack of parking in the Eastside business district. The Redevelopment Agency (Agency) created the Eastside Plan Advisory Committee (Committee) in 1991 and the Committee identified a strong need for off-street public parking. The Committee recommended that the Agency purchase the vacant commercial property at 1111 Soquel Avenue for off-street public parking. As part of developing the Eastside Improvement Plan, consultants also recognized the need for off-street parking and identified the vacant property at 1111 Soquel Avenue as an ideal site for public parking.

In 1992, a parking survey of the seven-block Soquel Avenue area was conducted to determine the exact amount of existing parking in the general vacinity of 1111 Soquel Avenue. The survey compared the existing off-street parking to the zoning ordinance requirements, and based on that information, the survey area had a parking deficiency of 484 spaces. After the survey was conducted, large sections of on-street parking were eliminated due to traffic circulation improvements, leaving only 160 on-street parking spaces along Soquel Avenue and side streets in the survey area.

On October 12, 1993, the Redevelopment Agency made findings that the purchase and development of the land for a public off-street parking lot was a benefit to the Project Area and the immediate neighborhood, and purchased the property on October 25, 1993. By 1994, the property was developed into a 54-space parking lot serving the entiriety of the Eastside Improvement Area.

The property is also adjacent to and surrounds Fire Station No. 2 at 1103 Soquel Avenue, which serves as the backup Emergency Operations Center per the City of Santa Cruz Emergency Operations Plan 2011. The Eastside Parking Lot and Fire Station No. 2 served as the Emergency Operations Center and Staging Area after the 1989 Loma Prieta Earthquake due to the decimation of Downtown Santa Cruz.

I. 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 as required by Health and Safety Code Section 34191.5(c)(1)(I).

Transfer to the City of Santa Cruz for future redevelopment activities subject to a negotiated compensation agreement with the taxing entities as specified by Health and Safety Code sections 34180(f), 34191.5(c)(2)(A), and 34191.5(c)(2)(B).

Transfer to the City of Santa Cruz would preserve public off-street parking in the Soquel Avenue Commercial Corridor, where there is a significant shortage of parking. Since 1994, Eastside businesses have depended upon the Eastside Parking Lot, and the majority of developments have been permitted and approved based upon the long-term availability of public parking in the Eastside Parking Lot.

Moreover, due to the unique location of the property in conjunction with the adjacent Fire Station No. 2, the Eastside Parking Lot provides additional space for emergency operations in the event of a disaster.

Property Name: **Birch Lane Parking and Public Trash Enclosure Area**

A. Date of acquisition, value of property at time of acquisition, and an estimate of the current value as required by Health and Safety Code Section 34191.5(c)(1)(A).

The property was purchased on 6/26/1997 for $157,000. Estimated current value is $157,000.

B. Purpose for which the property was acquired as required by Health and Safety Code Section 34191.5(c)(1)(B).

The purpose for the acquisition was to facilitate the implementation of the 1994 Downtown Alley Walk Concept Plan, to create an above-ground vault for utilities, to construct a trash enclosure area for six surrounding commercial businesses, and to create downtown public parking spaces with any available residual space.

C. Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan as required by Health and Safety Code Section 34191.5(c)(1)(C).

114 Birch Lane
APN 005-144-14
Lot Size: 2,483 square feet
Current Zoning: CBD Central Business District
Assessor Use Code: Vacant City Land
General Plan: RVC-Regional Visitor Commercial

Exhibit J provides the Tax Assessor's Map of the property.

D. Estimate of the current value of the parcel including, if available, any appraisal information as required by Health and Safety Code Section 34191.5(c)(1)(D).

The property was appraised on 11/10/1994 at $120,000. The negotiated purchase price was $157,000, and $157,000 continues to be an estimate of the current value.

E. 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 as required by Health and Safety Code Section 34191.5(c)(1)(E).

No

F. History of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts as required by Health and Safety Code Section 34191.5(c)(1)(F).

An Environmental Site Assessment was prepared on 4/8/1997, and no contamination was noted. The report concludes that "records neither confirm nor negate the presence or use of hazardous materials" on this parcel or those adjacent to it.

G. Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency as required by Health and Safety Code Section 34191.5(c)(1)(G).

No potential for transit-oriented development as the parcel is too small.

Acquisition of the parcel to implement portions of the Alley Plan furthered the objective of removing blight from within City limits by containing and restricting exposed garbage areas.

H. Brief history of previous development proposals and activity, including the rental or lease of the property as required by Health and Safety Code Section 34191.5(c)(1)(H).

Parcel was used for a single family residence since the 1920s.

I. 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 as required by Health and Safety Code Section 34191.5(c)(1)(I).

Transfer to the City of Santa Cruz for future redevelopment activities subject to a negotiated compensation agreement with the taxing entities as specified by Health and Safety Code sections 34180(f), 34191.5(c)(2)(A), and 34191.5(c)(2)(B).

Transfer to the City of Santa Cruz would continue to (1) resolve problems associated with the exposed garbage area, (2) preserve the existing service alley, and (3) provide six permitted public parking spaces.

In accordance with Health and Safety Code Section 34191.5(2), the Long-Range Property Management Plan shall separately identify and list properties dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation.

Government Use

None.

Redevelopment Purpose

1. 1120-1126 Pacific Avenue, APN 005-153-10, Del Mar Theatre
2. 532 Front Street, APN 005-153-02, Del Mar Theatre parking lot
3. 1111 Soquel Avenue, APN 10-042-34 and APN 10-042-19, Eastside Parking Lot and Emergency Operations Center Staging Area
4. 114 Birch Lane, APN 005-144-14, Birch Lane Parking and Public Trash Enclosure Area

Debt Obligation

None.

Sale

None.