

STAFF REPORT

CITY OF SAN LEANDRO SUCCESSOR AGENCY OVERSIGHT BOARD

DATE: September 25, 2012

TO: Successor Agency Oversight Board

FROM: Cynthia Battenberg, Business Development Manager

SUBJECT: Oversight Board Approval of Successor Agency Conveyance of Certain Former Redevelopment Agency Assets to the City of San Leandro

SUMMARY AND RECOMMENDATION

The State of California's passage of AB x1 26 requires that all California Redevelopment Agencies dispose of their assets. Passage of AB 1484 in June 2012 provides further guidance for the disposal of these assets. Staff has developed a plan for the disposition of some of these properties, which is outlined in the next section.

This staff report and the attached Resolution focus on the real property assets included as Exhibit A to the Resolution. Staff recommends that the Oversight Board adopt the attached Resolution of the Successor Agency authorizing the transfer of certain former Redevelopment Agency (Agency) real property assets to the City of San Leandro (City) due to their: 1) being public purpose properties; or 2) because they were transferred to the Agency by the City in anticipation of use in redevelopment projects and per the transfer agreements, any revenue from these properties must be returned to the City. The attached Resolution also directs the Successor Agency staff to seek Oversight Board approval to reinstate agreements executed in 2003 and 2008 that required the Agency to pay to the City any proceeds derived from the sale of two Agency properties that were originally owned by the City if the Department of Finance objects to the conveyance of those properties.

BACKGROUND

Since its inception in 1952, the California Redevelopment Law allowed cities and counties to form Redevelopment Agencies with special powers to eradicate blighting conditions in urban areas. These special powers included the ability to assemble and sell property for both private and public development.

To effectuate the Agency's goals, property was often acquired, through purchase or via transfer from the City, in an effort to eliminate social and economic blight and facilitate the property's re-use in a manner beneficial to the community.

The properties described in this report would be disposed of as directed by AB x1 26 and AB 1484, and not pursuant to traditional City or Agency procedures for disposing of property. These former Agency properties are not considered surplus, so Government Code section 54220, et seq. regarding surplus property disposition does not apply. Likewise, the provisions for disposition of property under Redevelopment Law also do not apply.

The former Redevelopment Agency held a number of parcels, some of which are detailed in Table 1.

Table 1 - Former Redevelopment Agency Parcels

Address	Description	APN
<i><u>Public Purpose Properties</u></i>		
Aladdin Ave.	Marina Reader Board Sign	079A-0295-002-17
Carpentier Street	Creek-walk behind Creekside Plaza	075-0036-058-00
2512 Davis Street	Vacant, held for Eden Road extension	077A-0649-008-25
1433 E. 14 th Street	Parking, Downtown Plaza	077-0545-018-00
14901 E. 14 th Street	Vacant, held for street improvements	077D-1499-001-00
1193 Warden Ave.	Park, "Davis West" sign site	077A-0655-001-00
1446 Washington Ave.	Parking, Downtown Plaza	077-0545-025-00
1490 Washington Ave.	Parking, Downtown Plaza	077-0545-024-01
Washington Ave.	Public Plaza outdoor dining area (Sergio's)	077-0545-026-02
Washington Ave.	Parking, Downtown Plaza	077-0545-009-00
Washington Ave.	Parking, Downtown Plaza	077-0545-010-00
135 W. Joaquin Ave.	Walkway adjacent to Plaza parking lot	077-0545-015-00
W. Juana Ave.	256 sf remnant parcel at corner of W. Juana and Hays	075-0226-006-00
<i><u>City Properties Held by RDA</u></i>		
2101 Marina Blvd.	Former fire station, held for redevelopment, agreement dated 9/16/03 requires proceeds are returned to City	079A-0568-005-00
268 Parrott Street	Vacant, held for redevelopment, agreement dated 1/7/08 requires proceeds are returned to City	075-0005-012-00

Given the number of properties in the Agency's portfolio, it is important that the disposition occur in an orderly and strategic manner to ensure value is retained and prevent any negative impact on the community. A number of methods have been considered for the disposition of these properties and the two being recommended as part of this action are outlined below.

The properties that are part of this action fall into two categories:

Public Purpose Properties: Over the years the Agency acquired many properties. Among these are properties that cannot be developed due to their size (remnants) or use (parking lots). Transfer of these 13 parcels to the City is being recommended. The taxing entities that share in the project area tax base will benefit from the continued use of these properties for public purposes as such facilitation of access to and patronage of sales and property tax generating businesses in the project area.

City Properties Held by RDA: The City of San Leandro conveyed two properties to the Redevelopment Agency pursuant to agreements that provide that when the Redevelopment Agency disposed of the property, any and all funds derived would be paid to the City. These properties are being transferred back to the City. The taxing entities will not benefit from any proceeds from the sale or lease of these two properties, which per contractual agreements made prior to the Agency taking ownership, are to be returned to the City.

Previous Actions

- On September 17, 2012 the Successor Agency of the San Leandro Redevelopment Agency approved the conveyance of these certain former Redevelopment Agency Assets to the City of San Leandro.

Legal Analysis

Pursuant to AB x1 26, the Successor Agency is responsible for winding down the affairs of the Agency, including the disposition of assets and properties of the Agency. The disposal is to be done “expeditiously and in a manner aimed at maximizing value,” however, pursuant to AB 1484, the Successor Agency may prepare a property management plan that will direct the orderly disposition and retention of certain properties following approval of the plan by the Oversight Board and the Department of Finance (“Department”) after the Department issues a “Finding of Completion.” It is anticipated that the Department will issue a Finding of Completion in late Spring 2013 following completion of the Due Diligence Reviews required by AB 1484 and payment of residual funds to the County for distribution to the taxing entities. Pursuant to AB 1484, the Successor Agency is allowed to convey governmental purpose properties in advance of approval of a property management plan, provided that the Oversight Board approves of the action at a public meeting preceded by ten days’ notice and the Department does not object within a 60-day review period.

Although AB 1484 suspends the requirement that successor agencies expeditiously dispose of real property, the statute does not specifically address the voluntary disposition of non-governmental purpose properties in advance of Department issuance of a Finding of Completion and approval of a property management plan; however, it does not appear that such voluntary disposition would be prohibited if the Oversight Board approves of the conveyance and the Department does not object within a 60-day review period. If the Department objects to the return of the properties that the City conveyed to the Agency, the Successor Agency may seek Oversight Board approval to reinstate the City-Agency agreements that provide for the payment to the City of the sale proceeds derived from these properties.

RESOLUTION NO. _____

**RESOLUTION OF THE OVERSIGHT BOARD
FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF SAN LEANDRO**

**APPROVING THE TRANSFER OF CERTAIN FORMER REDEVELOPMENT
AGENCY REAL PROPERTY ASSETS TO THE CITY OF SAN LEANDRO**

WHEREAS, pursuant to Resolution No. 2012-001, adopted by the City Council of the City of San Leandro on January 9, 2012, the City of San Leandro (“**City**”) agreed to serve as the successor agency (“**Successor Agency**”) to the Redevelopment Agency of the City of San Leandro (the “**Redevelopment Agency**”) commencing upon the dissolution of the Redevelopment Agency on February 1, 2012;

WHEREAS, pursuant to Health and Safety Code Sections 34177(e), 34181(a) and 34181(f), the Successor Agency may convey governmental purpose properties to the appropriate public entity, provided that the Oversight Board approves of the action at a public meeting preceded by ten days’ notice and the Department of Finance does not object within a 60-day review period;

WHEREAS, the properties identified as “Public Purpose Properties” in the staff report accompanying this Resolution (the “**Report**”) are dedicated for public purposes, including street improvements, public walkways and other public purposes as more particularly described in the Report;

WHEREAS, the properties described in the Report and located at 2101 Marina Boulevard and 268 Parrott Street are subject to agreements executed by and between the City and the Redevelopment Agency dated as of September 16, 2003 and January 7, 2008, respectively, (the “**Agreements**”) which Agreements provided for the conveyance of such properties by the City to the Redevelopment Agency and the payment by the Redevelopment Agency to the City of all future sale proceeds derived from such properties;

WHEREAS, Health and Safety Code Section 34178(a) provides that, with specified exceptions, commencing upon February 1, 2012, agreements, contracts and arrangements between a redevelopment agency and the city that formed the agency are invalid, provided however, that a successor agency that wishes to re-enter into agreements with the city that formed the redevelopment agency may do so upon obtaining the approval of the oversight board formed to oversee the actions of the successor agency; and

WHEREAS, the properties identified in the Report were conveyed by the Redevelopment Agency to the City pursuant to Resolution No. 2011-004 RDA adopted May 7, 2011, but such conveyances may be unwound pursuant to Assembly Bill x1 26 and Assembly Bill 1484.

NOW THEREFORE, the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of San Leandro hereby resolves as follows:

1. The conveyance by the Successor Agency to the City of the Public Purpose Properties identified in Exhibit A attached hereto is hereby approved.
2. The conveyance by the Successor Agency to the City of the real properties located at 2101 Marina Boulevard and 268 Parrott Street is hereby approved.
3. If the Department of Finance disapproves of the conveyance of the properties located at 2101 Marina Boulevard and 268 Parrott Street as set forth in this Resolution, Successor Agency staff is directed to seek Oversight Board approval to reinstate the Agreements.
4. The Executive Director and his designees are authorized and directed to take all actions necessary to implement this Resolution, including without limitation the execution of deeds of conveyance, certificates of acceptance, and all other necessary instruments, as applicable.

PASSED AND ADOPTED AT A REGULAR MEETING OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO ON _____, 2012 BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

Secretary

Chair

Exhibit A Redevelopment Property List

Marina Reader Board Sign

APN: 079A-0295-002-17
Street Address: Aladdin Avenue
Description: Land at the ball field with advertising sign
Acquisition Year : 1998
Current Use: Advertising Sign for Marina Auto Mall
Proposed Use: Same
Size: 465 sq. ft.
Zoning: CR Commercial Recreation District
General Plan: Public/Institutional



Creek Walk behind Creekside Plaza

APN: 075-0036-058
Street Address: Carpentier Street
Description: Land buffer between the creek and Creekside Plaza
Acquisition Year: 1999
Current Use: Creek walk/open space
Proposed Use: Same
Size: 1.38 acres
Zoning: CC Commercial Community District
General Plan: Office



2512 Davis Street

APN: 077A-0649-008-25
Street Address: 2512 Davis Street
Description: Building acquired for future Eden Road.
Currently leased to contractor doing City project next door
Acquisition Year: 2009
Current Use: Building leased to contractor
Proposed Use: Road
Size: 15,551 sq. ft.
Zoning: IG Industrial General District
General Plan: Eden Road Extension



1433 E. 14th Street

APN: 077-0545-018-00
Street Address: 1433 E. 14th Street
Description: Parking Lot at Downtown Plaza
Acquisition Year: 1997
Current Use: Parking
Proposed Use: Parking
Size: 5,593 sq. ft.
Zoning: DA-1 Downtown Area District
General Plan: Downtown Mixed Use



14901 E. 14th Street

APN: 077D-1499-001-00
Street Address: 14901 E. 14th Street
Description: Former Quality Tune Up Shop
Acquisition Year: 2010
Current Use: Vacant land
Proposed Use: Intersection improvements/entryway statement
Size: 10,556 sq. ft.
Zoning: SA-3 South Area District
General Plan: Corridor Mixed Use



2101 Marina Boulevard

APN: 079A-0568-005-00
Street Address: 2101 Marina Boulevard
Description: Former Fire Station
Acquisition Year: 2003
Current Use: Storage
Proposed Use: Possible lease
Size: 15,536 (lot)
Zoning: CN(S) Comm. Neighborhood Special Overlay Dist.
General Plan: Neighborhood Commercial



268 Parrott Street

APN: 075-0005-012-00
Street Address: 268 Parrott Street
Description: Land for Parking
Acquisition Year: Approximately 1999
Current Use: Vacant land
Proposed Use: Parking
Size: 7,500 sq. ft.
Zoning: DA-1 Downtown Area District
General Plan: Downtown Mixed Use



1193 Warden Avenue

APN: 077A-0655-001-00
Street Address: 1193 Warden Avenue
Description: Pocket Park/Entry to Davis West
Acquisition Year: 1995
Current Use: Open Space/Park
Proposed Use: Park
Size: 5,700 sq. ft.
Zoning: RS Residential Single-Family District
General Plan: Residential Low Density



1446 Washington Avenue

APN: 077-0545-025-00
Street Address: 1446 Washington Avenue
Description: Parking Lot for Downtown Plaza
Acquisition Year: 1963
Current Use: Parking
Proposed Use: Parking
Size: 14,671 sq. ft.
Zoning: DA-1 Downtown Area District
General Plan: Downtown Mixed Use



1490 Washington Avenue

APN: 077-0545-024-01
Street Address: 1490 Washington Avenue
Description: Parking lot a Downtown Plaza
Acquisition Year: 1963
Current Use: Parking
Proposed Use: Parking
Size: 15,249 sq. ft.
Zoning: DA-1 Downtown Area District
General Plan: Downtown Mixed Use



Plaza Outdoor Dining Area (Sergio's)

APN: 077-0545-026-02
Street Address: Washington Avenue
Description: Outdoor Dining Area
Acquisition Year: 1970
Current Use: Outdoor Dining
Proposed Use: Outdoor Dining
Size: 1,529 sq. ft.
Zoning: DA-1 Downtown Area District
General Plan: Downtown Mixed Use



Washington Avenue Downtown Plaza Parking

APN: 077-0545-009-00
Street Address: Washington Avenue
Description: Parking at Downtown Plaza
Acquisition Year: 1970
Current Use: Parking
Proposed Use: Parking
Size: 4,500 sq. ft.
Zoning: DA-1 Downtown Area District
General Plan: Downtown Mixed Use



Washington Avenue Downtown Plaza Parking

APN: 077-0545-010-00
Street Address: Washington Avenue
Description: Parking at Downtown Plaza
Acquisition Year: 1970
Current Use: Parking
Proposed Use: Parking
Size: 3,494 sq. ft.
Zoning: DA-1 Downtown Area District
General Plan: Downtown Mixed Use



135 W. Joaquin Avenue

APN: 077-0545-015-00
Street Address: 135 W. Joaquin Avenue
Description: Walkway
Acquisition Year: 1963
Current Use: Walkway
Proposed Use: Walkway
Size: 2,399 sq. ft.
Zoning: DA-1 Downtown Area District
General Plan: Downtown Mixed Use



Parcel at corner of W. Juana and Hays

APN: 077-0226-006-00
Street Address: W. Juana Avenue and Hays Street
Description: Right of Way
Acquisition Year: Unknown
Current Use: Back of Walk – Right of Way
Proposed Use: Right of Way
Size: 256 sq. ft.
Zoning: DA-1 (S) Dwtmn. Area Special Overlay Dist.
General Plan: Downtown Mixed Use

