A G E N D A

CITY OF SEASIDE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SEASIDE	REGULAR MEETING COUNCIL CHAMBER 440 Harcourt Avenue Monday, May 11, 2015 2:30 PM

PLEASE TURN OFF YOUR CELL PHONES UPON ENTERING THE MEETING

1. **CALL TO ORDER**

2. **ROLL CALL - ESTABLISHMENT OF QUORUM**

Sally Reed	Chair
Vicki Nakamura	Vice Chair
Steve Bradford	Board Member
Mark McClain	Board Member
Jane Parker	Board Member
Chris Ricker	Board Member
Ralph Rubio	Board Member

3. **CHAIR, VICE-CHAIR, EXECUTIVE DIRECTOR REPORTS**

4. **PUBLIC COMMENTS**

5. **REVIEW OF AGENDA**
If there are any items that arose after the 72-hour posting deadline, this is the point in the meeting where a vote may be taken to add the item to the agenda. (A 2/3-majority vote is required).

6. **CONSENT CALENDAR**

   A. **APPROVE MINUTES FROM MARCH 23, 2015 REGULAR MEETING**

7. **BOARD MEMBER, EXECUTIVE DIRECTOR AND LEGAL COUNSEL COMMENTS & REQUESTS**

8. **BUSINESS ITEMS**

A. **CONSIDER APPROVAL AND TRANSMITTAL OF A SECOND AMENDMENT TO THE LONG RANGE PROPERTY MANAGEMENT PLAN (LRPMP)**

PURPOSE: The purpose of this item is for the Oversight Board to consider adoption of a resolution approving a Second Amendment to the Long Range Property Management Plan (the "LRPMP") submitted on September 2, 2014 to the State of California Department of Finance (the "DOF") in accordance with Health and Safety Code Section 34191.5 as part of the dissolution of the former Redevelopment Agency. The Second Amendment incorporates a change in property disposition category requested by DOF in order to obtain LRPMP approval.

RECOMMENDATION: It is recommended that the Oversight Board adopt the attached resolution (i) approving the Second Amendment to the Long-Range Property Management Plan (the "LRPMP") (ii) finding that approval of the Second Amendment to the LRPMP is not a project pursuant to the California Environmental Quality Act, and (iii) directing the transmittal of the resolution to the Department of Finance with a recommendation of approval.

9. **ADJOURNMENT**

Next Regularly Scheduled Meeting:
None Scheduled At This Time
Seaside City Hall

DRAFT MINUTES

CITY OF SEASIDE
OVERSIGHT BOARD TO THE
SUCCESSOR AGENCY OF THE
REDEVELOPMENT AGENCY
OF THE CITY OF SEASIDE

REGULAR MEETING
COUNCIL CHAMBER
Monday, March 23, 2015
2:30 PM

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1. CALL TO ORDER

Chair Reed called the meeting to order at 2:30 PM.

2. ROLL CALL - ESTABLISHMENT OF QUORUM

OVERSIGHT BOARD

PRESENT: Bradford, McClain, Parker, Rubio, Ricker, Nakamura, Reed
ABSENT: None

3. REVIEW OF AGENDA

No changes were requested.

4. CHAIR, VICE-CHAIR, EXECUTIVE DIRECTOR REPORTS

There were no reports made.

5. PUBLIC COMMENTS

There were no members of the public present.

6. CONSENT CALENDAR

A. APPROVE MINUTES OF FEBURARY 23, 2015 AND MARCH 9, 2015 REGULAR MEETINGS

Action: Approved

On motion by Board Member McClain and Seconded by Board Member Rubio and passed by the following vote the Oversight Board Approved the Minutes of February 23, 2015.

RESULT:	**Approve**
MOVER:	Mark McClain
SECONDER:	Ralph Rubio
AYES:	Bradford, McClain, Parker, Rubio, Ricker, Nakamura, Reed
ABSENT:	None

On motion by Board Member Parker and Seconded by Board Member Rubio and passed by the following vote the Oversight Board Approved the Minutes of March 9, 2015

RESULT:	**Approve**
MOVER:	Jane Parker
SECONDER:	Ralph Rubio
AYES:	Bradford, McClain, Parker, Rubio, Ricker, Nakamura, Reed
ABSENT:	None

7. BUSINESS ITEMS

A. CONSIDER APPROVAL AND TRANSMITTAL OF A FIRST AMENDMENT TO THE LONG RANGE PROPERTY MANAGEMENT PLAN (LRPMP)

Executive Director Dunn spoke to the item and to the approval given by the Successor Agency during their March 19, 2015 meeting. Deputy City Manager Resource Management Services Ingersoll provided a detailed background of the process for approval of the Long Range Property Management Plan and the discussions and assistance to the Department of Finance (DOF) during the approval process. Ms. Ingersoll expressed appreciation to Economic and Community Development Services Manager Brinton for all her efforts toward the LRPMP.

Ms. Ingersoll spoke to the changes requested by the Department of Finance that must be adopted prior to final approval of the plan. She outlined the three major changes requested including; compensation agreements; the placement of the Seaside Resort Project into the Retain for Future Development category to allow for the City to administer and amend the restated Seaside Resort Disposition and Development Agreement; and corrections to replace the name "City" with "Agency" as the responsible party for using disposition proceeds for any of the properties in the "For Sale" category.

Board Members Reed and Parker requested clarification that the intent of the compensation agreements are still valid with the modified changes, to which staff agreed that it clearly spells out that compensation agreements are required. The Board discussed the changes expressing concern that the issue of compensation agreements would be vague and could be misinterpreted in the future. Board Member Rubio expressed that the document reflects the existing legislation and cannot speak to changes made as a result of future legislation. The Board agreed that any changes must be carefully considered as the recommendations are from the DOF.

Legal Counsel Mall confirmed that for compensation agreements to not be required, the courts would need to change the section of the Health and Safety Code, and if the Seaside LRPMP language is in conflict with the current code, it will not be approved by the DOF.

Ms. Ingersoll then spoke to the Seaside Resort changes. The DOF deleted the compensation agreement requirement because the City used its own funds to purchase the property and did not use agency funds. The amended DDA removes the enforceable obligation. She then reported that should we receive approvals for these amendments, staff anticipates a quick turnaround to approve the plan, and should be approved by the end of the month.

On motion by Board Member Rubio and Seconded by Board member McClain and passed by the following vote the Oversight Board adopted Resolution 15-03 approving the First Amendment to the Long-Range Property Management Plan (the "LRPMP") substantially in the form attached as Exhibit A to the resolution, (ii) finding that approval of the First Amendment to the LRPMP is not a project pursuant to the California Environmental Quality Act, and (iii) directing the transmittal of the resolution to the Department of Finance with a recommendation of approval.

RESULT:	**Adopted**
MOVER:	Mayor Ralph Rubio
SECONDER:	Building Official Mark McClain
AYES:	Bradford, McClain, Parker, Rubio, Ricker, Nakamura, Reed
ABSENT:	None

On motion by Board Member Parker and Seconded by Board Member Nakamura and passed by the following vote the Oversight Board directed staff to communicate, in addition to the approved plan, a request for clarification regarding the required inclusion of the reference to the health and safety code section in the front, and the back expressing concern with the inconsistency.

RESULT:	**Adopted**
MOVER:	Mayor Ralph Rubio
SECONDER:	Building Official Mark McClain
AYES:	Bradford, McClain, Parker, Rubio, Ricker, Nakamura, Reed
ABSENT:	None

8. <u>BOARD MEMBER, EXECUTIVE DIRECTOR AND LEGAL COUNSEL COMMENTS & REQUESTS</u>

Board Member Nakamura questioned what future meetings are expected outside of the ROPS approval cycles and requested that staff could review and report on the impacts of the trailer bill language approved by the Governor that was to further simplify the RDA dissolution language. Executive Director Dunn indicated it will not be concluded until June or September and that staff will report back if anything significant is approved. The Board discussed other possible future agenda items.

Deputy City Manager Administrative Services Hodgson indicated that she received a communication from the DOF that they accepted all expenses except for one charge of $20k disallowed as part of the ROPS. Therefore, there is no need to meet and confer and no action is required by the Board. . A copy of the letter was distributed to the Board.

9. <u>ADJOURNMENT</u>

On motion, the meeting was adjourned at 3:25 PM.

Respectfully submitted,

______________________________	______________________________
Lesley Milton-Rerig, City Clerk	**Ralph Rubio, Mayor**

CITY OF SEASIDE
STAFF REPORT

Item No.: 8.A.

TO:	Successor Agency to the Redevelopment Agency of the City of Seaside
FROM:	John Dunn, City Manager
BY:	Lisa Brinton, Community and Economic Development Services Manager Diana Ingersoll, Deputy City Manager Resource Management Services
DATE:	May 11, 2015
SUBJECT:	**CONSIDER APPROVAL AND TRANSMITTAL OF A SECOND AMENDMENT TO THE LONG RANGE PROPERTY MANAGEMENT PLAN (LRPMP)**

PURPOSE

The purpose of this item is for the Oversight Board to consider adoption of a resolution approving a Second Amendment to the Long Range Property Management Plan (the "LRPMP") submitted on September 2, 2014 to the State of California Department of Finance (the "DOF") in accordance with Health and Safety Code Section 34191.5 as part of the dissolution of the former Redevelopment Agency. The Second Amendment incorporates a change in property disposition category requested by DOF in order to obtain LRPMP approval.

RECOMMENDATION

It is recommended that the Oversight Board adopt the attached resolution (i) approving the Second Amendment to the Long-Range Property Management Plan (the "LRPMP") (ii) finding that approval of the Second Amendment to the LRPMP is not a project pursuant to the California Environmental Quality Act, and (iii) directing the transmittal of the resolution to the Department of Finance with a recommendation of approval.

BACKGROUND

Pursuant to Health and Safety Code Section 34175(b) and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal.4th 231(2011)), on February 1, 2012, all real properties of the former Redevelopment Agency of the City of Seaside (the "Agency") transferred to the control of the Successor Agency to the Agency by operation of law.

Pursuant to Health and Safety Code Section 34191.5(b), the Successor Agency must prepare a long-range property management plan (the "LRPMP") that addresses the disposition and use of the real properties of the former Agency. The LRPMP must be submitted to the Oversight Board and the Department of Finance (the "DOF") for approval no later than six months following the issuance by DOF to the Successor Agency of a finding of completion pursuant to Health and Safety Code Section 34179.7. The DOF issued a finding of completion to the Successor Agency on March 28, 2014. Therefore, Seaside's LRPMP was due to DOF no later than September 28, 2014. Seaside's LRPMP was approved by the Oversight Board on August 25, 2014 and submitted to DOF on September 2, 2014.

In February 2015 DOF completed its review of the LRPMP and requested certain modifications in order to obtain LRPMP approval. In response to DOF's request, the Successor Agency Board considered and adopted Resolution 15-02 approving the First Amendment to the LRPMP at it March 19, 2015 meeting. The Agency Board directed staff to forward it to the Oversight Board for consideration with a recommendation of approval. The Oversight Board approved the First Amendment on March 23, by Resolution 15-03. DOF received the OB action on March 25.

DOF has completed its review of the First Amendment to the LRPMP and is requiring that an additional modification be made and adopted by the Successor Agency and Oversight Boards in order to obtain LPRMP approval.

SECOND AMENDMENT TO THE LRPMP

The requested change is to move Property #2: 1441 Canyon del Rey Boulevard (Embassy Suites Hotel) from the Enforceable Obligation disposition category to the Transfer to the City for Future Development category. The reason for this request is that under the ground lease, the property would be retained by the Successor Agency upon the expiration of its 99 year term. The Successor Agency cannot retain assets. The purpose of the LRPMP process is to dispose of Agency assets.

As with the Seaside Resort Development (SRD) property, DOF's position is that the Embassy Suites property should be transferred to the City and the City would intend to enter into an assignment agreement with the Successor Agency to administer the ground lease that obligates the City and former RDA to lease the property to the Embassy Suites Hotel. In addition, language is to be added regarding the City's intent to enter into compensation agreement(s) as required for all properties transferred to the City for future development.

Because the City purchased the property with CDBG funds, the annual ground lease revenues generated by the property are allocated to the City's CDBG program income account. Federal guidelines define the sale or long term lease of real property purchased or improved with CDBG funds as program income (24 CFR 570.500(a) 1)(i)]. The City's local Housing and Urban Development Department representative provided written confirmation that in this case the proceeds from the lease payments are program income for the life of the ground lease and if the rights to the ground lease are sold, the sales proceeds are program income. As such, the City is obligated to meet CDBG requirements for the use of proceeds from the sale of the property. Sales proceeds would be considered program income and would be required to be re-invested in the community and re-programmed for CDBG eligible activities.

The City anticipates the compensation agreement(s) would specify that should there be any net unrestricted proceeds from sale of this property that they would be distributed to all of the affected taxing entities on a pro rata basis in proportion to each entity's respective share of the property tax base, and that the calculation of net unrestricted proceeds would take into account the transaction costs incurred by the City in marketing the property and processing the sale or lease, as well as the costs incurred by the City in carrying or maintaining the property and in preparing and improving the site for development.

The requested modifications are provided in track change format as Attachment 2. At its May 7 meeting, the Successor Agency Board adopted Resolution 15-03 approving the Second Amendment to the LRPMP and directed staff to forward it to the Oversight Board for consideration with a recommendation of approval.

ENVIRONMENTAL REVIEW

Approval of the Second Amendment to the LRPMP is not a project for purposes of the California Environmental Quality Act (Pub. Res. Code Section 21000 *et seq*.) and the CEQA Guidelines (14 Cal Code Regs 15000 *et seq*.) because it is an organizational or administrative activity of government that will not result in direct or indirect physical changes in the environment (CEQA Guidelines Section 15378(b)(5)). Further, it can be seen with certainty that there is no possibility that approval of the Second Amendment to the LRPMP may have a significant effect on the environment, and thus the action is exempt from CEQA (CEQA Guidelines Section 15061(b)(3)).

NEXT STEPS

Should the Oversight Board approve the First Amendment to the LRPMP it will be forwarded to DOF. DOF staff has indicated that only the Oversight Board action will be reviewed, and not the entire LRPMP. Staff therefore anticipates receiving LRPMP approval before the end of the month.

FISCAL IMPACT

There is no fiscal impact associated with this action.

ATTACHMENTS

1. Attachment 1. Resolution approving and transmitting the Second Amendment to the Long Range Property Management Plan
2. Attachment 2. Second Amendment to Long Range Property Management Plan (track change pages)

Reviewed for Submission to the
City Council by:

____
John Dunn, City Manager

RESOLUTION NO. 15-XX

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SEASIDE

APPROVING A SECOND AMENDMENT TO THE LONG-RANGE PROPERTY MANAGEMENT PLAN PREPARED BY THE SUCCESSOR AGENCY PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.5, DETERMINING THAT APPROVAL OF THE SECOND AMENDMENT TO THE LONG-RANGE PROPERTY MANAGEMENT PLAN IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH

RECITALS:

A. Pursuant to Health and Safety Code Section 34175(b) and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal.4th 231(2011)), on February 1, 2012, all assets, properties, contracts, leases, books and records, buildings, and equipment of the former Redevelopment Agency of the City of Seaside (the "Agency") transferred to the control of the Successor Agency to the Agency (the "Successor Agency") by operation of law.

B. Pursuant to Health and Safety Code Section 34191.5(b), the Successor Agency must prepare a long-range property management plan which addresses the disposition and use of the real properties of the former Agency, and which must be submitted to the Oversight Board to the Successor Agency (the "Oversight Board") and the Department of Finance (the "DOF") for approval no later than six months following the issuance by DOF to the Successor Agency of a finding of completion pursuant to Health and Safety Code Section 34179.7.

C. Pursuant to Health and Safety Code Section 34179.7, DOF issued a finding of completion to the Successor Agency on March 28, 2014.

D. Seifel Consulting, Inc, working with staff of the Successor Agency, prepared and submitted to the Board of the Successor Agency the long-range property management plan (the "LRPMP"), which LRPMP addresses the disposition and use of the real properties of the former Agency and includes the information required pursuant to Health and Safety Code Section 34191.5(c).

E. The LRPMP was approved by the Oversight Board to the Successor Agency of the Redevelopment Agency of the City of Seaside on August 25, 2014 and submitted to the DOF for review and consideration of approval on September 2, 2014.

F. DOF completed its review of the LRPMP in February 2015 and requested that a First Amendment incorporating requested modifications be considered and approved by the Successor Agency and Oversight Boards in order to receive LRPMP approval.

G. At its March 19, 2015 meeting the Successor Agency adopted Resolution 15-02 approving the First Amendment to the LRPMP and directing staff to forward it to the Oversight Board with a recommendation of approval.

H. At its March 23, 2015 meeting the Oversight Board adopted Resolution 15-03 approving the First Amendment to the LRPMP and directing staff to forward it to DOF with a recommendation of approval.

I. DOF reviewed the First Amendment to the LRPMP and is requiring that an additional modification be made and adopted by the Successor Agency and Oversight Boards in order to obtain LPRMP approval. The requested modification includes the following.

a. Property #2: 1441 Canyon del Rey Boulevard (Embassy Suites Hotel) is to be moved from the Enforceable Obligation disposition category to the Transfer to the City for Future Development property disposition category.

b. The City intends to enter into an assignment agreement with the Successor Agency to administer the ground lease that obligates the City and former RDA to lease the property to the Embassy Suites Hotel.

c. The City of Seaside intends to enter into a compensation agreement or agreements with the affected taxing entities in accordance with Health and Safety Code Section 34180(f). The City anticipates the compensation agreement(s) would specify that should there be any net unrestricted proceeds from sale of this property that they would be distributed to all of the affected taxing entities on a pro rata basis in proportion to each entity's respective share of the property tax base, and that the calculation of net unrestricted proceeds would take into account the transaction costs incurred by the City in marketing the property and processing the sale or lease, as well as the costs incurred by the City in carrying or maintaining the property and in preparing and improving the site for development.

J. At its May 7, 2015 meeting the Successor Agency Board adopted Resolution 15-03 approving the First Amendment to the LRPMP and directed staff to forward it to the Oversight Board for consideration with a recommendation of approval.

NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF SEASIDE HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

<u>Section 1.</u> The above recitals are true and correct and are a substantive part of this Resolution.

<u>Section 2.</u> The Oversight Board hereby approves modifications described above as a Second Amendment to the LRPMP. The Executive Director of the Successor Agency, in consultation with the Successor Agency's legal counsel, may modify the LRPMP as the Executive Director or the Successor Agency's legal counsel deems necessary or advisable.

Section 3. The staff and the Board of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution and any such actions previously taken are hereby ratified.

Section 4. This Resolution has been reviewed with respect to the applicability of the California Environmental Quality Act (Public Resources Code Section 21000 *et seq*.) ("CEQA"). Pursuant to the State CEQA Guidelines (14 Cal Code Regs 15000 *et seq*.)(the "Guidelines"), the Oversight Board has determined that the approval of the LRPMP is not a project pursuant to CEQA and is exempt therefrom because it is an organizational or administrative activity of government that will not result in direct or indirect physical changes in the environment (Guidelines Section 15378(b)(5)). Further, it can be seen with certainty that there is no possibility that approval of the First Amendment to the LRPMP may have a significant effect on the environment, and thus the action is exempt from CEQA (Guidelines Section 15061(b)(3)). Staff of the Successor Agency is hereby directed to prepare and post a notice of exemption pursuant to Guidelines Section 15062.

PASSED AND ADOPTED at a regular meeting of the Oversight Board to the Successor Agency to the Redevelopment Agency of the City of Seaside duly held on the 11th day of May, 2015, by the following vote:

AYES:	BOARD MEMBERS
NOES:	BOARD MEMBERS
ABSENT:	BOARD MEMBERS
ABSTAIN:	BOARD MEMBERS

____
Sally Reid, Chair

ATTEST:

____
Lesley E. Milton, Agency Clerk

Compensation Agreements and Properties to Be Retained for Future Development

The City of Seaside intends to enter into a compensation agreement or agreements with the affected taxing entities in accordance with Health and Safety Code Section 34180(f). Core elements of a compensation agreement(s) would specify the following.

- A listing of the property(ies) that are subject to the compensation agreement(s).
- A requirement that sales proceeds will be proportionally distributed to the taxing entities by the county Auditor-Controller pursuant to section 34118 of the Dissolution Act.
- A definition of "Disposition Proceeds" as being the gross purchase price net of City costs in disposing of the property(ies). The calculation of net unrestricted proceeds would take into account the transaction costs incurred by the City in marketing the property and processing the sale or lease, as well as the costs incurred by the City in carrying or maintaining the property and in preparing and improving the site for development.

The provisions of this paragraph regarding compensation agreements will not be operative if a court order or decision, legislation or Department of Finance policy eliminates the need for any compensation agreements.

B. LRPMP Organization

The LRPMP is organized as follows:

I. Introduction

II. Property Inventory and Disposition and Use

A. Properties to be Transferred to City and Retained for Governmental Use

- 1380 Canyon Del Rey Boulevard [No. 4]
- 1372 Canyon Del Rey Boulevard [No. 5]
- Seaside Auto Mall Rights of Way (ROW) [No. 6]
- Gigling Road Right of Way (ROW) [No. 18]
- Parker Flats/Normandy Road Rights of Way (ROW) [No. 19]

~~B. Properties to be Used to Fulfill Enforceable Obligation~~

- ~~1441 Canyon Del Rey Boulevard (Embassy Suites Hotel Property) [No. 2]~~

~~C~~B. Properties to be Transferred to City and Retained for Future Development

- 1441 Canyon Del Rey Boulevard (Embassy Suites Hotel Property) [No. 2]
- Seaside Resort Development [No. 12]
- General Jim Moore Boulevard and Eucalyptus (Former First Tee Site) [No. 13]
- Lightfighter Drive between First and Second Avenues (The Projects at Main Gate Site) [No. 14]
- First Avenue and Lightfighter Drive (Commercial/Recreation Parcel) [No. 15]
- Surplus II Planning Area [No. 16]
- Tank Site [No. 17]

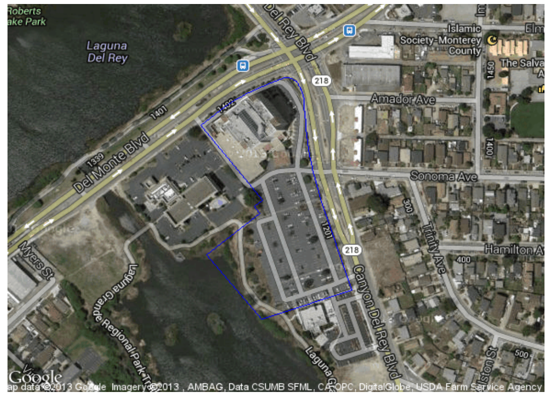
~~D~~C. Properties to be Sold

- 1350 Del Monte Boulevard [No. 1]
- 1271 Canyon Del Rey Boulevard [No. 3]

~~Properties to be Used to Fulfill Enforceable Obligation~~

~~1441 Canyon Del Rey Boulevard (Embassy Suites Hotel Property) [No. 2]~~

~~To be Used to Fulfill Enforceable Obligation~~



~~Summary~~

~~The City assembled parcels making up this brownfield site in 1971, 1974, 1975, and 1976, and subsequently conveyed the property to the former RDA in 1986. Located in the Laguna Grande Project Area, the site was acquired for the purpose of fostering economic revitalization by encouraging visitor-serving development at this prime gateway location. In 1989, the former RDA entered into a Disposition and Development Agreement (DDA) and a ground lease with a developer to facilitate the construction of a hotel. In late 1995, the Embassy Suites Laguna Grande Seaside Hotel opened with a 225-room hotel and ancillary commercial facilities.~~

~~A surface parking lot was developed on the remainder of the site.~~

~~Property Inventory Information~~

~~Parcel Data~~

~~**APN** 011-401-031-000~~

~~**Address** 1441 Canyon Del Rey Boulevard~~

~~**Lot Size** 5.662 Acres~~

~~**Current Zoning** Regional Commercial (CRG)~~

~~**Current Use** Ground Lease with Embassy Suites Hotel and Parking Lot~~

~~Current Value and Revenue Generation~~

~~**Estimate of Current Value** $2,500,000~~

~~**Date/Value Basis for Estimate** April 30, 2014 Broker Opinion~~

~~**Revenue Generated by Property** Ground lease generated $101,500 in FY 2013/14~~

~~**Requirements for Revenue Use** Ground lease revenue is deposited into City's CDBG program income revenue account, as required by CDBG program requirements.~~

~~**RDA Project Area:** Laguna Grande Project Area~~

~~Acquisition Information~~

~~**RDA Acquisition Dates** July 28, 1971 and April 8, 1986~~

~~The City transferred property to the former RDA through two transactions. The first transaction consisted of the transfer of one parcel on July 28, 1971 (Grant Deed G19916 Reel 711 Page 318) for $105,000. The second transaction involved the City's acquisition of several parcels and their subsequent consolidation, with transfer of the consolidated parcel from the City to the former RDA on April 8, 1986 (Grant Deed 16799 Reel 1943 page 666) for $1,751,478. CDBG funds~~

~~were the source of funds for land acquisition. The former RDA subsequently consolidated the two parcels into one large parcel for development.~~

~~**Value at Time of Acquisition** The book value of the first transfer in 1971 is stated as $105,000. The book value of the second transfer in 1986 is stated as $1,751,478.~~

~~**Acquisition Purpose** The property was acquired by the City and transferred to the former RDA to facilitate the development of visitor-serving lodging uses at this prime gateway located in close proximity to Highway 1.~~

~~History of Environmental Contamination/Remediation~~

~~From 1959 to 1964, a portion of the property was occupied by an automobile junkyard. In 1964, junk cars, scrap, and debris were removed from the site, and a retail plumbing, electrical, and sheet metal shop and lumberyard were located on the former junkyard area.~~

~~Contaminants on the site include lead and other metals as well as total petroleum hydrocarbons (TPH-waste oils). Groundwater other than drinking water and soil potential media were affected by the contaminants. On January 9, 1997, the County Recorder recorded the covenant entered into by the former RDA and the State Department of Toxic Substances Control (DTSC).~~

~~The covenant states that the hazardous substances and wastes on the property are contained by a placement of a cap consisting of fill, building foundation, and asphalt pavement covering the entire property. The covenant requires that the property must be used in such a manner as to avoid potential harm to persons or property that might result from any hazardous substance remaining on the property. The restrictions run with the land and are enforceable by the DTSC. The covenant continues in effect in perpetuity. In the covenant, the DTSC acknowledged and agreed that so long as the owner and lessee complied with the covenant, including maintenance of the cap, no further action is required on the property. The covenant dictates that any sale, lease, or other conveyance of the property requires a 30-day advance notification to the DTSC.~~

~~History of Development Proposals and Activity~~

~~As part of the implementation of the Laguna Grande Area Redevelopment Plan, the City and RDA entered into a DDA with Tri Coastal Development Corporation, on August 1, 1985. Subsequently, on August 15, 1989, an Amended and Restated DDA was entered into with Seaside Laguna Limited. The DDA provided for the construction, development, and operation of a hotel of not less than 200 guest rooms, conference rooms, banquet facilities, a restaurant, retail space, and attendant facilities. The DDA included as an exhibit a 99-year ground lease, which was entered into on September 8, 1989.~~

~~As part of this development project, the former RDA of the City of Seaside entered into the ground lease with Seaside Laguna Limited on September 8, 1989. Through the ground lease, the former RDA leased the property for 99 years. The base rent for the site was $100,000 per year for the first 28 annual lease payments, and $250,000 for each annual payment thereafter.~~

~~The first rent payment was to be due and payable on March 1, 1996, and, commencing with the March 1, 1997 annual lease payment, the tenant was to pay an additional rent amount equal to the base rent times the percentage increase in the San Francisco/Oakland CPI for the immediately preceding 12-month period, without any compounding from prior periods. However, the fourth amendment to the DDA revised the ground lease to provide that the initial rent payment would be due and payable on September 1, 2001, and the additional rent payment would commence with the September 1, 2002 payment.~~

~~The City's contractual obligation to continue the ground lease to hotel operations runs through August 30, 2100.~~

~~Although the City, former RDA, and developer entered into the ground lease in 1989, and the site was cleared, the parcel remained vacant for several years due to delays with project~~

~~approvals and downturns in the economy and hotel industry. In November 1995, the Embassy Suites Laguna Grande Seaside Hotel opened as a 225-suite, 12-story atrium hotel with 13,000 square feet of meeting space, restaurant, lounge, and other services.~~

~~Transit Oriented Development Potential and Advancement of Planning Objectives~~

~~The 1441 Canyon Del Rey site is located at the Del Monte/Canyon Del Rey stop on the MST bus transit system. Bus lines 12, 19, and 20 service this station.~~

~~The site is zoned Regional Commercial, which is intended for large scale commercial development with retail, entertainment, and/or service uses, business parks of a scale and function to serve a regional market.~~

~~Currently, the site is developed with the Embassy Suites Laguna Grande Seaside Hotel and parking lot with a long-term ground lease.~~

~~Restrictions on Disposition of the Property~~

~~Future disposition and use of the property must be accordance with the DTSC and former RDA covenant described above, as well as with the ground lease requirements. Also, as portions of the site are located within the California Coastal Zone Boundary, additional development would require a Coastal Development Permit.~~

~~Because the City purchased the property with CDBG funds, the annual ground lease revenues generated by the property are allocated to the City's CDBG program income account. Federal guidelines define the sale or long term lease of real property purchased or improved with CDBG funds as program income (24 CFR 570.500(a) 1)(i)]. The City's local Housing and Urban Development Department representative provided written confirmation that in this case the proceeds from the lease payments are program income for the life of the ground lease and if the rights to the ground lease are sold, the sales proceeds are program income. As such, the City is obligated to meet CDBG requirements for the use of proceeds from the sale of the property. Sales proceeds would be considered program income and would be required to be re-invested in the community and re-programmed for CDBG eligible activities.~~

~~Property Disposition~~

~~The Successor Agency recommends the property be retained to fulfill existing enforceable obligations pursuant to HSC §34191.5(c)(2). The property is currently owned by the Successor Agency and will be transferred to the City to continue to fulfill an existing enforceable obligation, which is in the form of a ground lease that obligates the City and former RDA to lease the property to the Embassy Suites Hotel. Given that the covenant runs with the land, the possible uses and disposition of the property is significantly reduced. Proceeds from any sale of the property would be restricted by the requirements of the CDBG program and would not be available for distribution to taxing entities.~~

~~Retaining the property as an enforceable obligation would comply with the redevelopment goals, objectives, and programs outlined in the Amended and Restated Redevelopment Plan for the Merged Redevelopment Projects, which states the following:~~

~~Retaining the property as an enforceable obligation would comply with the redevelopment goals, objectives, and programs outlined in the Amended and Restated Redevelopment Plan for the Merged Redevelopment Projects, which states the following:~~

~~The goals and objectives of the Agency's redevelopment program for each constituent project in the Merged Project Area are set forth in the Implementation Plan adopted on December 1, 1994, by Agency Resolution No. 94012 GEN, which covers all of the Constituent Projects, including any areas added to any constituent project by amendment. The principal goal and objective of the Merged Project shall be to eliminate all remaining blight and complete all Agency assisted redevelopment activities as quickly as~~

~~*possible consistent with the needs of the Constituent Projects and the availability of financial resources to fund them.*~~

~~*Redevelopment of the Merged Project Area pursuant to this Redevelopment Plan and the above goals and objectives will attain the purposes of the California Community Redevelopment Law by: (1) elimination of areas suffering from economic dislocation and disuse; (2) replanning, redesign and/or redevelopment of areas which are stagnant or improperly utilized, and which could not be accomplished by private enterprise acting along without public participation and assistance; (3) protecting and promoting sound development and redevelopment of blighted areas and the general welfare of the citizens of the City by remedying such injurious conditions through the employment of appropriate means…*~~[20]

~~The Redevelopment Activities authorized by the Amended Redevelopment Plan include, among others, the following:~~

~~*Providing for the retention of controls and establishment of restrictions or covenants running with the land so that property will continue to be used in accordance with this Plan.*~~[21]

~~The acquisition and development of 1441 Canyon Del Rey Boulevard falls under the redevelopment of stagnant or improperly utilized areas, and the ground lease established a control on the property such that the Embassy Suites Hotel's presence on the property would continue for an extended period. Furthermore, the land acquisition and development of the Embassy Suites Hotel is consistent with specific programs identified in the Redevelopment Plan for and Merger of the Seaside Redevelopment Project Areas including Economic Development Program and Land Assembly Programs:~~

~~*Economic Development Program*~~

~~*Through this program, the Agency hopes to encourage infill development that will establish new commercial areas within the Merged Project. In addition, the Agency proposes to promote the development of visitor lodging uses in close proximity to Highway 1, capitalizing on the accessibility to visitors in the area…*~~

~~*Land Assembly Program*~~

~~*The two tiers of the Land Assembly Program are aimed at increasing the availability of parking and consolidating marketable development sites…*~~[22]

~~The goals of the Laguna Grande Redevelopment Plan listed in the 1994 Five Year Implementation Plan are as follows:~~[23]

- ~~*Eliminate conditions of blight.*~~
- ~~*Ensure, as far as possible, that causes of the blighting conditions will either be eliminated or protected against.*~~
- ~~*Encourage and ensure the building and development of the Project Area.*~~
- ~~*Encourage and foster the economic revitalization of the Project area.*~~
- ~~*Redevelop and rebuild public improvements and facilities in the Project Area, as necessary.*~~
- ~~*Provide for appropriate participation for property owners in the Project Area, in accordance with the Sixth Amended and Reinstated Redevelopment Plan and the Agency's adopted Rules for Business Preference and Owner Participation.*~~

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[20] ~~Amended and Restated Redevelopment Plan for the Merged Noche Buena, Del Monte Heights, Hannon, Gateway, Laguna Grande, Gateway Auto Center Expansion and City Center Revitalization Area Redevelopment Projects, adopted March 21, 1996, p. 2.~~

[21] ~~Amended and Restated Redevelopment Plan for the Merged Noche Buena, Del Monte Heights, Hannon, Gateway, Laguna Grande, Gateway Auto Center Expansion and City Center Revitalization Area Redevelopment Projects, adopted March 21, 1996, p. 4.~~

[22] ~~Amendments Including the Merger of the Seaside Redevelopment Projects, Report to City Council, February 22, 1996. Page 8.~~

[23] ~~Implementation Plan for January 1, 1995 through December 31, 1999,Seaside Redevelopment Agency, adopted December 1, 1994, pp. 8-9.~~

~~The Five Year Implementation Goals and Objectives for the Laguna Grande Project Area are as follows:~~[24]

- ~~*Capitalize on development underway in the Project.*~~
- ~~*Develop visitor-oriented commercial uses.*~~
- ~~*Rehabilitation Laguna Grande and Roberts Lake.*~~
- ~~*Improve infrastructure where deficiencies exist.*~~

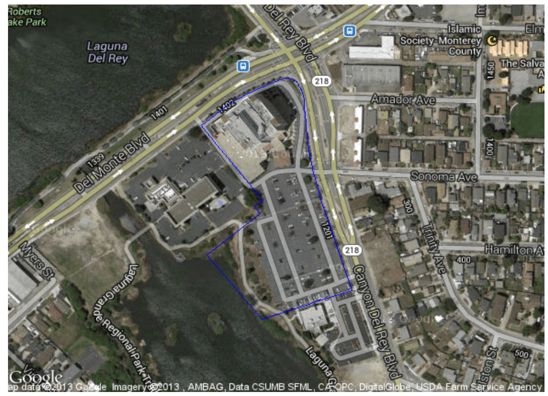
~~The 1994 Five Year Implementation Plan Redevelopment Activities states that the former RDA has been involved in the development of the Embassy Suite hotel.~~[25]

[24] ~~Ibid, page 16.~~

[25] ~~Ibid, p. 11.~~

Properties to be Transferred to City and Retained for Future Development

1441 Canyon Del Rey Boulevard
(Embassy Suites Hotel Property) [No. 2]
To be Transferred to the City and Retained for Future Development



Summary

The City assembled parcels making up this brownfield site in 1971, 1974, 1975, and 1976, and subsequently conveyed the property to the former RDA in 1986. Located in the Laguna Grande Project Area, the site was acquired for the purpose of fostering economic revitalization by encouraging visitor-serving development at this prime gateway location. In 1989, the former RDA entered into a Disposition and Development Agreement (DDA) and a ground lease with a developer to facilitate the construction of a hotel. In late 1995, the Embassy Suites Laguna Grande Seaside Hotel opened with a 225-room hotel and ancillary commercial facilities. A surface parking lot was developed on the remainder of the site.

Property Inventory Information

Parcel Data

APN	011-401-031-000
Address	1441 Canyon Del Rey Boulevard
Lot Size	5.662 Acres
Current Zoning	Regional Commercial (CRG)
Current Use	Ground Lease with Embassy Suites Hotel and Parking Lot

Current Value and Revenue Generation

Estimate of Current Value	$2,500,000
Date/Value Basis for Estimate	April 30, 2014 Broker Opinion
Revenue Generated by Property	Ground lease generated $101,500 in FY 2013/14

Requirements for Revenue Use	Ground lease revenue is deposited into City's CDBG program income revenue account, as required by CDBG program requirements.
RDA Project Area:	Laguna Grande Project Area

Acquisition Information

RDA Acquisition Dates	July 28, 1971 and April 8, 1986
	The City transferred property to the former RDA through two transactions. The first transaction consisted of the transfer of one parcel on July 28, 1971 (Grant Deed G19916 Reel 711 Page 318) for $105,000. The second transaction involved the City's acquisition of several parcels and their subsequent consolidation, with transfer of the consolidated parcel from the City to the former RDA on April 8, 1986 (Grant Deed 16799 Reel 1943 page 666) for $1,751,478. CDBG funds were the source of funds for land acquisition. The former RDA subsequently consolidated the two parcels into one large parcel for development.
Value at Time of Acquisition	The book value of the first transfer in 1971 is stated as $105,000. The book value of the second transfer in 1986 is stated as $1,751,478.
Acquisition Purpose	The property was acquired by the City and transferred to the former RDA to facilitate the development of visitor-serving lodging uses at this prime gateway located in close proximity to Highway 1.

History of Environmental Contamination/Remediation

From 1959 to 1964, a portion of the property was occupied by an automobile junkyard. In 1964, junk cars, scrap, and debris were removed from the site, and a retail plumbing, electrical, and sheet metal shop and lumberyard were located on the former junkyard area.

Contaminants on the site include lead and other metals as well as total petroleum hydrocarbons (TPH-waste oils). Groundwater other than drinking water and soil potential media were affected by the contaminants. On January 9, 1997, the County Recorder recorded the covenant entered into by the former RDA and the State Department of Toxic Substances Control (DTSC). The covenant states that the hazardous substances and wastes on the property are contained by a placement of a cap consisting of fill, building foundation, and asphalt pavement covering the entire property. The covenant requires that the property must be used in such a manner as to avoid potential harm to persons or property that might result from any hazardous substance remaining on the property. The restrictions run with the land and are enforceable by the DTSC. The covenant continues in effect in perpetuity. In the covenant, the DTSC acknowledged and agreed that so long as the owner and lessee complied with the covenant, including maintenance of the cap, no further action is required on the property. The covenant dictates that any sale, lease, or other conveyance of the property requires a 30-day advance notification to the DTSC.

History of Development Proposals and Activity

As part of the implementation of the Laguna Grande Area Redevelopment Plan, the City and RDA entered into a DDA with Tri Coastal Development Corporation, on August 1, 1985. Subsequently, on August 15, 1989, an Amended and Restated DDA was entered into with Seaside Laguna Limited. The DDA provided for the construction, development, and operation of a hotel of not less than 200 guest rooms, conference rooms, banquet facilities, a restaurant, retail space, and attendant facilities. The DDA included as an exhibit a 99-year ground lease, which was entered into on September 8, 1989.

As part of this development project, the former RDA of the City of Seaside entered into the ground lease with Seaside Laguna Limited on September 8, 1989. Through the ground lease, the former RDA leased the property for 99 years. The base rent for the site was $100,000 per year for the first 28 annual lease payments, and $250,000 for each annual payment thereafter. The first rent payment was to be due and payable on March 1, 1996, and, commencing with the March 1, 1997 annual lease payment, the tenant was to pay an additional rent amount equal to the base rent times the percentage increase in the San Francisco/Oakland CPI for the immediately preceding 12-month period, without any compounding from prior periods. However, the fourth amendment to the DDA revised the ground lease to provide that the initial rent payment would be due and payable on September 1, 2001, and the additional rent payment would commence with the September 1, 2002 payment.

The City's contractual obligation to continue the ground lease to hotel operations runs through August 30, 2100.

Although the City, former RDA, and developer entered into the ground lease in 1989, and the site was cleared, the parcel remained vacant for several years due to delays with project approvals and downturns in the economy and hotel industry. In November 1995, the Embassy Suites Laguna Grande Seaside Hotel opened as a 225-suite, 12-story atrium hotel with 13,000 square feet of meeting space, restaurant, lounge, and other services.

Transit Oriented Development Potential and Advancement of Planning Objectives

The 1441 Canyon Del Rey site is located at the Del Monte/Canyon Del Rey stop on the MST bus transit system. Bus lines 12, 19, and 20 service this station.

The site is zoned Regional Commercial, which is intended for large scale commercial development with retail, entertainment, and/or service uses, business parks of a scale and function to serve a regional market.

Currently, the site is developed with the Embassy Suites Laguna Grande Seaside Hotel and parking lot with a long-term ground lease.

Restrictions on Disposition of the Property

Future disposition and use of the property must be accordance with the DTSC and former RDA covenant described above, as well as with the ground lease requirements. Also, as portions of the site are located within the California Coastal Zone Boundary, additional development would require a Coastal Development Permit.

Because the City purchased the property with CDBG funds, the annual ground lease revenues generated by the property are allocated to the City's CDBG program income account. Federal guidelines define the sale or long term lease of real property purchased or improved with CDBG funds as program income (24 CFR 570.500(a) 1)(i)]. The City's local Housing and Urban Development Department representative provided written confirmation that in this case the proceeds from the lease payments are program income for the life of the ground lease and if the rights to the ground lease are sold, the sales proceeds are program income. As such, the City is obligated to meet CDBG requirements for the use of proceeds from the sale of the property. Sales proceeds would be considered program income and would be required to be re-invested in the community and re-programmed for CDBG eligible activities.

Property Disposition

The Agency recommends the property be transferred to the City for future development, in accordance with HSC §34191.5(c)(2)(A). Retaining the property for future development would comply with the redevelopment goals, objectives and programs outlined in the Seaside–Merged Project Area Redevelopment Plan.

Transfer to City and Retain Property for Project Identified in Approved Redevelopment Plan

This property is currently owned by the Successor Agency and will be transferred to the City for future development. The City intends to enter into an assignment agreement with the Successor Agency to administer the ground lease that obligates the City and former RDA to lease the property to the Embassy Suites Hotel.

Should the property be sold to a third party, the City of Seaside intends to enter into a compensation agreement or agreements with the affected taxing entities in accordance with Health and Safety Code Section 34180(f). In this case however, because the City purchased the property with CDBG funds, the annual ground lease revenues generated by the property are allocated to the City's CDBG program income account. Federal guidelines define the sale or long term lease of real property purchased or improved with CDBG funds as program income (24 CFR 570.500(a) 1)(i)]. The City's local Housing and Urban Development Department representative provided written confirmation that in this case the proceeds from the lease payments are program income for the life of the ground lease and if the rights to the ground lease are sold, the sales proceeds are program income. As such, the City is obligated to meet CDBG requirements for the use of proceeds from the sale of the property. Sales proceeds would be considered program income and would be required to be re-invested in the community and re-programmed for CDBG eligible activities.

The City anticipates the compensation agreement(s) would specify that if there are any net unrestricted proceeds from sale of this property that they would be distributed to all of the affected taxing entities on a pro rata basis in proportion to each entity's respective share of the property tax base, and that the calculation of net unrestricted proceeds would take into account the transaction costs incurred by the City in marketing the property and processing the sale or lease, as well as the costs incurred by the City in carrying or maintaining the property and in preparing and improving the site for development. The provisions of this paragraph regarding compensation agreements will not be operative if a court order or decision, legislation or Department of Finance policy eliminates the need for any compensation agreements.