



**OVERSIGHT
BOARD
AGENDA
REPORT**

SUBJECT: Adoption of Long Range Property Management Plan and Transfer of Governmental Use Properties

DEPARTMENT: Administrative Services

MEETING DATE: September 26, 2013

SUBMITTED BY: Successor Agency

RECOMMENDATION: It is recommended that the Oversight Board adopt the attached resolutions:

1. Approving the Successor Agency's Long Range Property Management Plan ("LRPMP"), and
2. Approving the disposition of Successor Agency properties such that following California Department of Finance approval of the LRPMP, that Governmental Use Parcels as identified in the LRPMP are transferred to the City at no cost and the Disposition Parcels as identified in the LRPMP are sold at no less than the values attributed to each such parcel with all sales proceeds be distributed to the taxing agencies.

BACKGROUND:

As of February 1, 2012, all redevelopment agencies throughout the State were required to dissolve as a result of the passage of ABX1-26 and the subsequent Matosantos case ruling by the California Supreme Court. On June 27, 2012, AB 1484 was also adopted which was clean up legislation to ABX1-26 and which required, among numerous other things, that all successor agencies adopt a Long Range Property Management Plan ("LRPMP") within six months of issuance by the California Department of Finance ("DOF") of a finding of completion. Findings of completion are issued only after Successor Agencies have completed due diligence reviews of the former redevelopment agencies housing and other funds and any monies found owing as a result of these reviews are paid to the respective county auditor-controllers.

The Cathedral City Successor Agency was issued a finding of completion by the DOF on April 17, 2013. As such, a LRPMP has now been prepared and must be approved by the Oversight Board and submitted to the DOF no later than October 16, 2013. The LRPMP must address the disposition of all non-housing real properties that included in the listing of real property assets provided to the DOF in the "Other Funds" Due Diligence Review. It must contain background data on each parcel as well as the acquisition history and a summary of any previous development proposals considered for each parcel.

As of its date of dissolution, the former redevelopment agency owned 127 non-housing parcels that had been acquired at various times for anticipated redevelopment projects. Of these, the LRPMP recommends that:

- 17 parcels were acquired for and are being used for governmental purposes and, as such, are to be transferred to the City at no cost.
- 1 parcel which is to be retained by the Successor Agency because its disposition is governed by a pre-existing Disposition and Development Agreement (“DDA”) with M&M Property Company, LLC, that has been approved by DOF as an enforceable obligation, and
- 109 parcels which, when acquired, were intended to be used for redevelopment purposes but which are now proposed to be marketed for sale (the “Disposition Parcels”) for no less than the estimated value as identified in the LRPMP. Any sales proceeds shall then be submitted to the Riverside Auditor-Controller for distribution to the taxing entities. The aggregate value of these parcels, as determined by an independent, licensed real estate appraiser after factoring in development impediments such as existing assessments, flood plain requirements, lack of infrastructure, etc., is \$977,800.

It should be noted that the former redevelopment agency had been assembling parcels for years in the downtown area in order to facilitate the maximum development potential of several downtown sites. During this time period, the former redevelopment agency had engaged in discussions with numerous developers about a myriad of potential development proposals and had actually progressed to exclusive negotiating memoranda of understanding and/or Disposition and Development Agreements with some developers. Unfortunately, none of these proposals ultimately proved to be feasible due, in large part, to the high cost of needed infrastructure and, more recently, to the overall downturn in the economy prior to the dissolution of redevelopment.

Attached to this staff report is a copy of a power point presentation that that summarizes the LRPMP in its entirety.

While not a required element of the plan, the LRPMP also identifies several potential marketing scenarios for the Disposition Parcels. These include staff generated solicitations, cooperation with commercial real estate brokers and, as a last resort, public auctions. The Successor Agency believes flexibility is needed in order to identify potential buyers for these parcels as expeditiously as possible while encouraging future development that will maximize future property tax revenues for all taxing entities.

Finally, the Successor Agency is also seeking Oversight Board approval to both market and dispose of 109 “Disposition Parcels” within 180 days of approval by the DOF of the LRPMP without requiring further Oversight Board or DOF action, provided the sales price realized is not less than the values attributed to each parcel in the LRPMP. After that time period or if the proposed sales price is less than the value identified in the LRPMP, the Successor Agency will return to the Oversight Board for further input into the disposition process.

Attachments: Summary Power Point
Resolutions with LRPMP attached

Proposed Long-Range Property Management Plan Summary



**City of Cathedral City as Successor Agency to the former
Redevelopment Agency of the City of Cathedral City**

Long-Range Property Management Plan (“LRPMP”)

- ❖ Assembly Bill IX 26 and Assembly Bill 1484 govern the dissolution of redevelopment agencies.
- ❖ After receipt of a “Finding of Completion” by the State Department of Finance (“DOF”), property, except for Enforceable Obligation Parcel, owned by former Redevelopment Agency transferred to the Community Redevelopment Property Trust Fund.
- ❖ Prepare LRPMP to address the disposition of property.

LRPMP Processing Overview

- ❖ Must submit LRPMP within six (6) months of receipt of “April 17, 2013 Finding of Completion” by DOF.
- ❖ Successor Agency submit proposed LRPMP to Oversight Board for approval.
- ❖ LRPMP submitted to DOF by **October 16, 2013** for approval.
- ❖ Oversight Board action must be approved by DOF.
- ❖ DOF does not have fixed time-limit to consider LRPMP.

Proposed Long-Range Property Management Plan

- ❖ Addresses disposition of all former redevelopment agency real properties (non-housing).
- ❖ Provides Background Data and Acquisition History.
- ❖ Identifies Disposition of Property; uses include:
 - Governmental Use Parcels (Public Use)
 - Enforceable Use Parcels (Approved Contract or Agreement)
 - Redevelopment Parcels (Future Development)
 - Disposition Parcels (For Sale at fair market value)

LRPMP Permissible Uses

<u>Parcel Uses</u>	<u>No.</u>
❖ Governmental Use Parcels	17
❖ Enforceable Use Parcels	1
❖ Redevelopment Parcels	0
❖ Disposition Parcels (For Sale)	109
<hr/>	
<u>Total</u>	<u>127</u>

17 Governmental Use Parcels

- ❖ LRPMP recommends transfer of following parcels for Governmental Use:
 - #82 & #83 – 2nd Street Tennis Courts/Buddy Rogers 2nd Street Park
 - #86 – Fire Station No. 411
 - #84 & #85 – Cathedral City Community Center
 - #88, #89, #90, #92, #93, #94, & # 96 - Cathedral City Community Center Parking

17 Governmental Use Parcels

- ❖ Governmental Uses Continue:
 - #99 – Town Square Fountain Park
 - #118 – Retention Basin (for storm water mitigation)
 - #119 – Roadway Intersection (Perez Road/East Palm Canyon Drive)
 - #125 – Memorial Park (in honor of Officer David Vasquez)
 - #127 – Public Works Building & Storage Yard



2nd Street Tennis Courts

#82 – Governmental Use Parcel - \$0 Transfer Value



Buddy Rogers 2nd Street Park

#83 – Government Use Parcel - \$0 Transfer Value



Fire Station No. 411

#86 – Governmental Use Parcel - \$0 Transfer Value



Cathedral City Community Center

#84, #85, #88, #89, #90, #92, #93, #94, & #96 –
Governmental Use Parcels - \$0 Transfer Value



Cathedral City Community Center

#84 & #85 – Governmental Use Parcels - \$0 Transfer Value



Town Square Fountain Park

#99 – Governmental Use Parcel - \$0 Transfer Value



Retention Basin

#118 – Governmental Use Parcel - \$0 Transfer Value

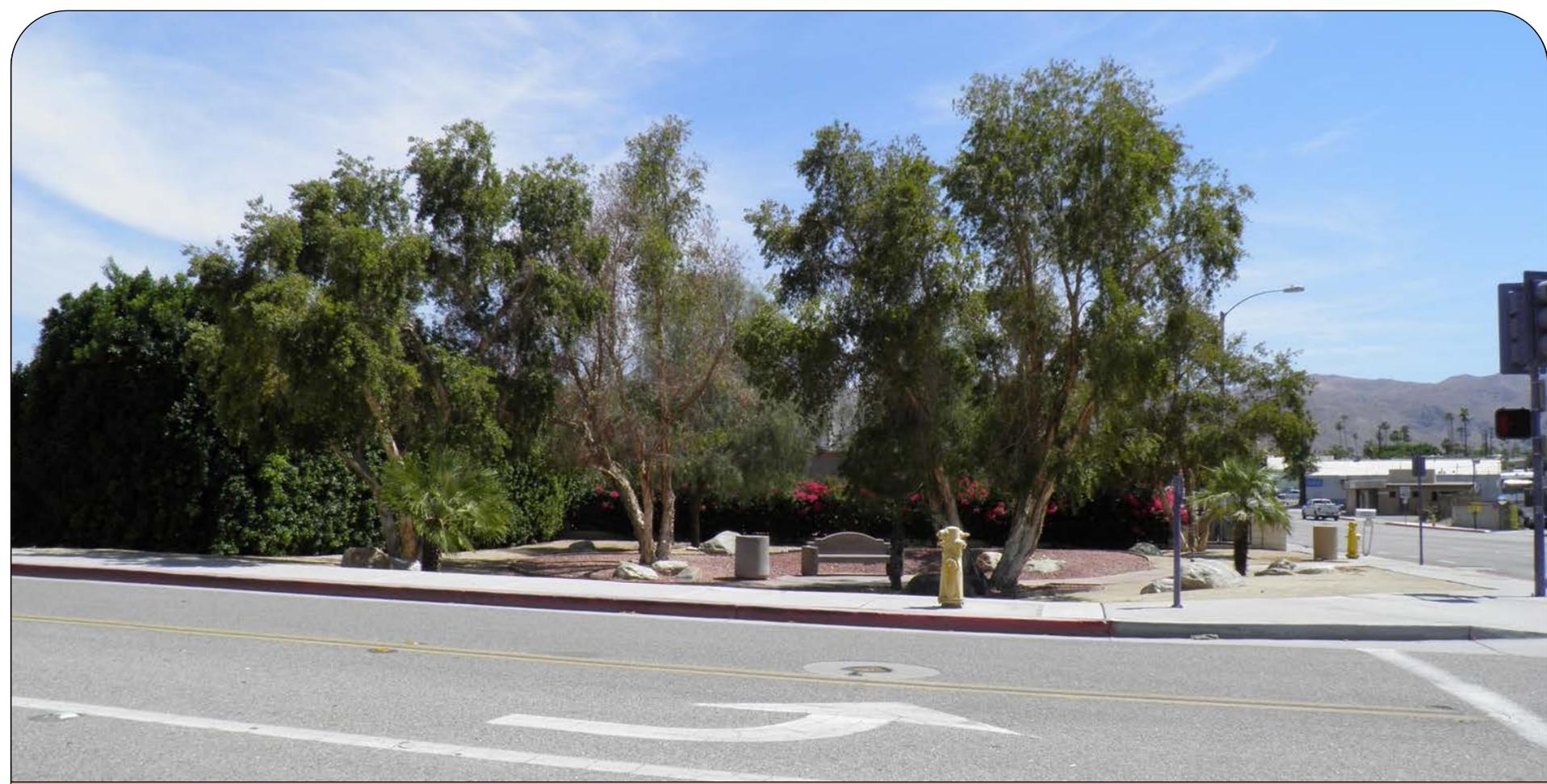


East Palm Canyon Drive

Perez Road

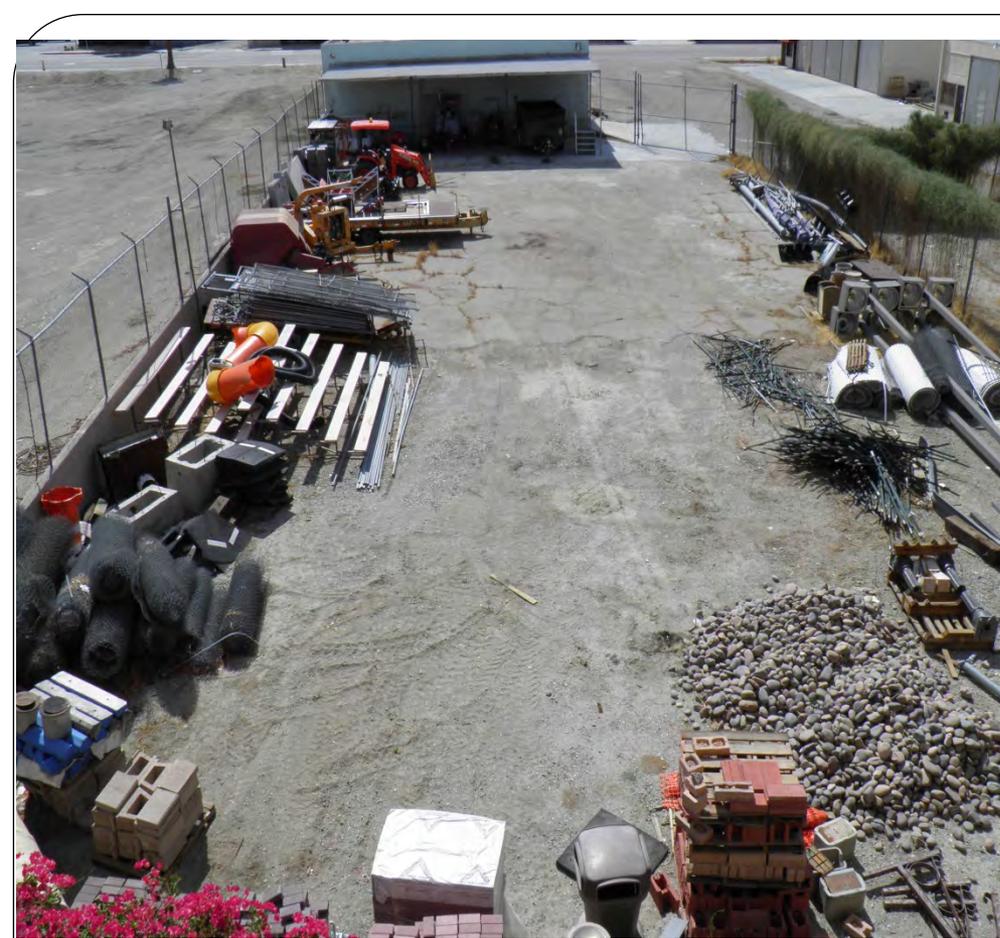
Roadway Intersection

#119 – Governmental Use Parcel - \$0 Transfer Value



Memorial Park

#125 – Governmental Use - \$0 Transfer Value

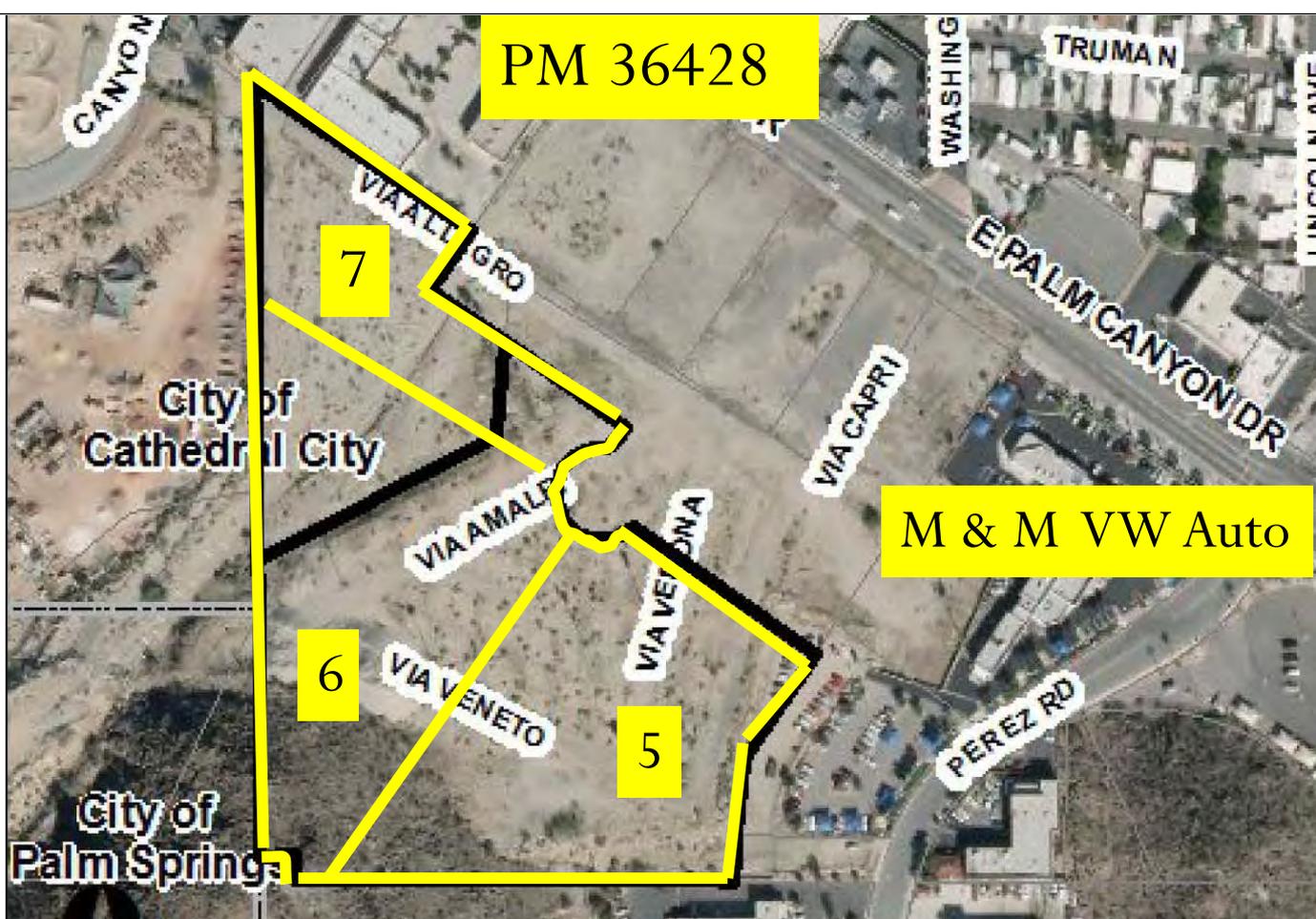


Public Works Storage Facility & Yard

#127 – Governmental Use Parcel - \$0 Transfer Value

1 Enforceable Use Parcel

- ❖ LRPMP recommends one (1) parcel be retained to fulfill enforceable obligations:
 - #77 – Parcel 5 of PM 36428 - Option Parcel per DDA with M & M Property Company LLC (VW Auto Dealership)



Parcel 5 – M & M Option Parcel

#77 – Enforceable Use – Estimated Value \$99,000

109 Disposition Parcels

- ❖ LRPMP recommends for disposition (for sale) all non-governmental use parcels, excluding Enforceable Use Parcel:
- | | |
|---|-------------------|
| ▪ B-1 Block - Civic Center | 6 Parcels |
| ▪ B-2 Block – Eastside | 64 Parcels |
| ▪ B-2.1 – (with major flood control impacts) | 1 Parcel |
| ▪ B-3 | 2 Parcels |
| ▪ B-4 Block | 13 Parcels |
| ▪ B-4.1 | 5 Parcels |
| ▪ Southwest (excludes Enforceable Use Parcel) | 4 Parcels |
| ▪ <u>North</u> | <u>14 Parcels</u> |

Total

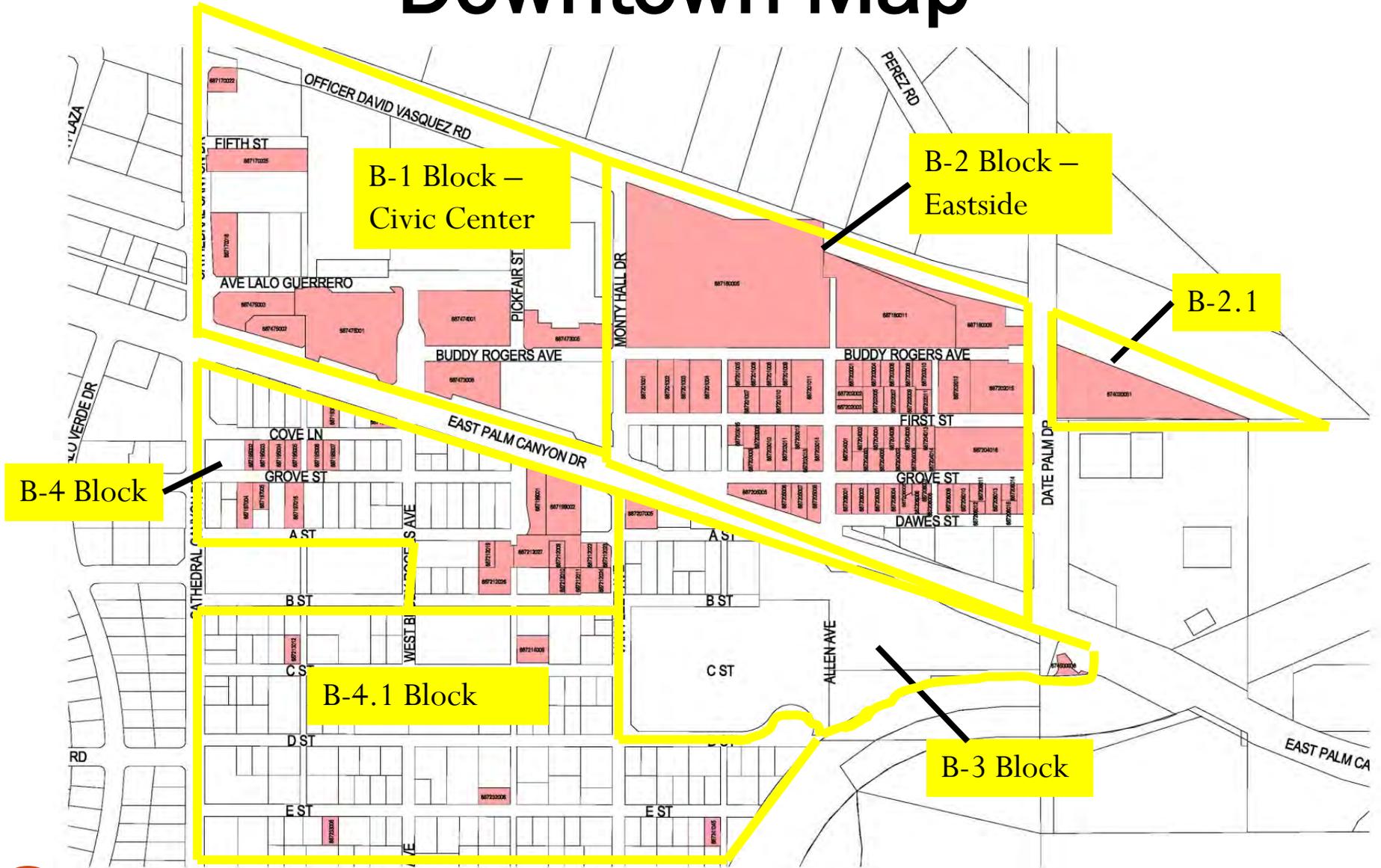
109 Parcels

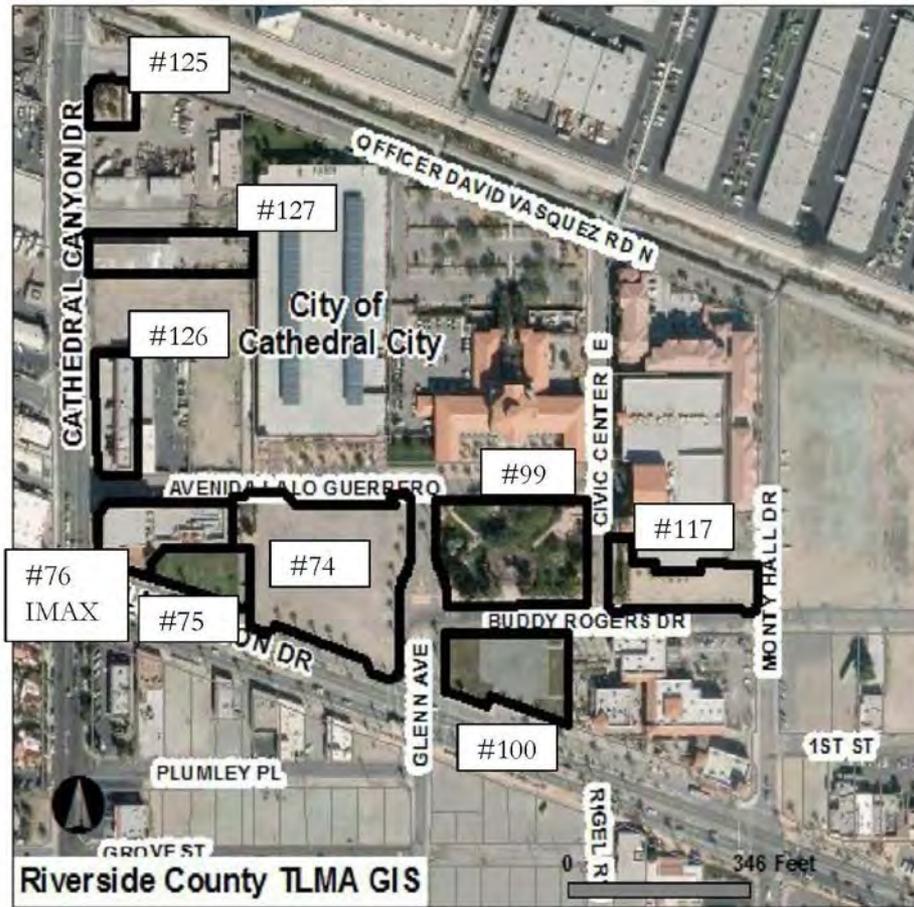
Estimated Value After Impediments Deduction

(Excludes Governmental Use Parcels)

❖ B-1 Block - Civic Center	\$436,600
❖ B-2 Block – Eastside	\$220,000
❖ B-2.1 – (with major flood control impacts)	-\$482,000
❖ B-3	\$ 59,100
❖ B-4 Block	\$ 57,600
❖ B-4.1	\$105,000
❖ Southwest (includes Enforceable Use Parcel)	\$471,000
❖ North	\$110,500
<u>Total</u>	<u>\$977,800</u>

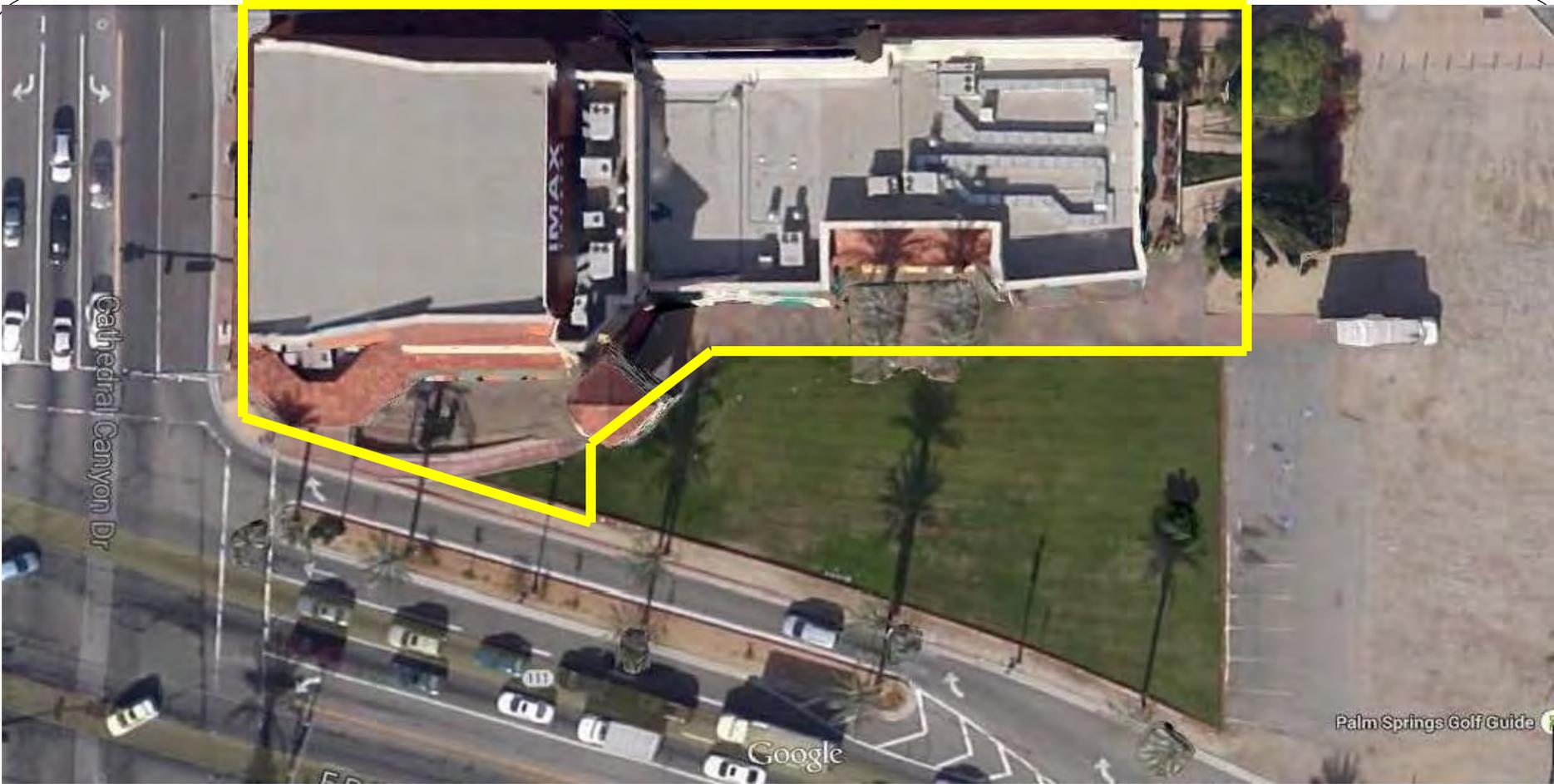
Downtown Map





Disposition Parcels – Block B-1

#74, #75, #76, #100, #117 & #126 Disposition Parcels
Estimated Value \$436,600



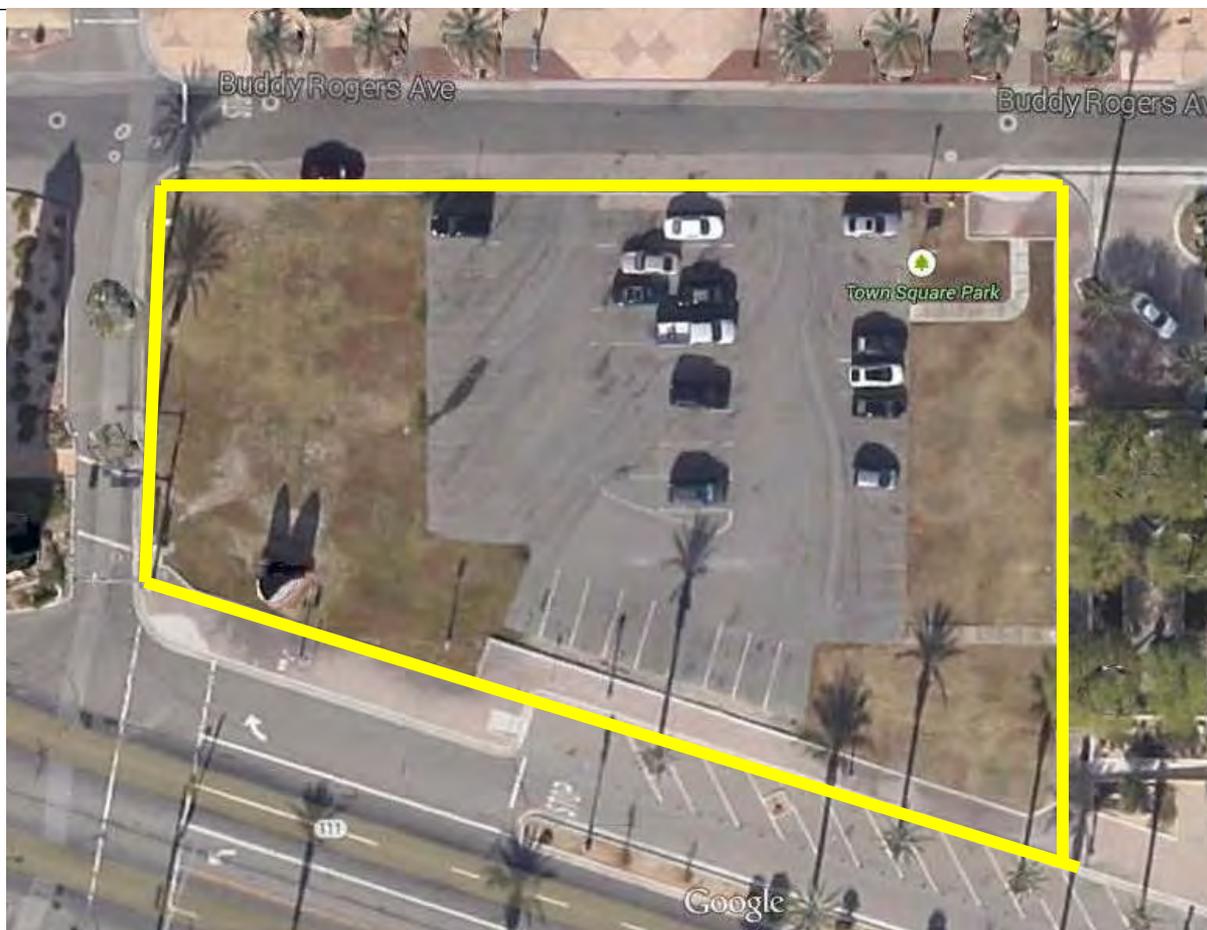
IMAX Theater & Restaurants

#76 Disposition Parcel – Estimated Value \$77,000



IMAX Theater & Restaurants

#76 Disposition Parcel – Estimated Value \$77,000



Tri-Millennium Parking Lot

#100 Disposition Parcel – Estimated Value \$5,000

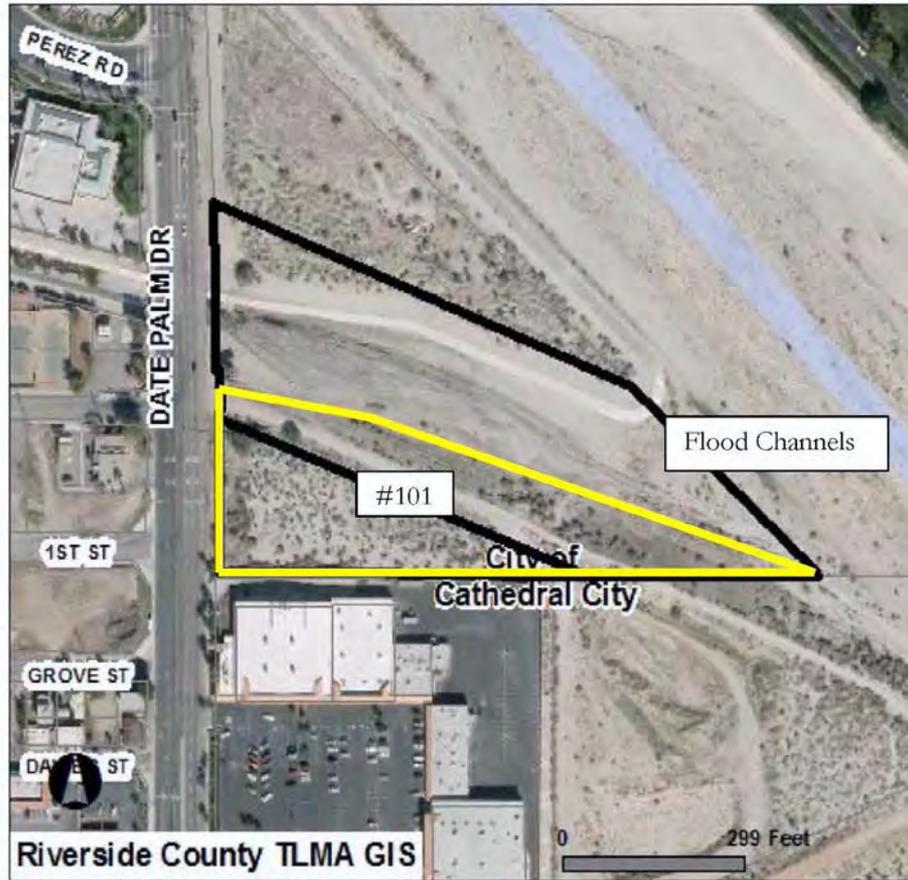
Settlement Agreement requires 25 parking spaces until 2026



Disposition Parcels – Block B-2

#1 through #64 Disposition Parcels (Eastside)

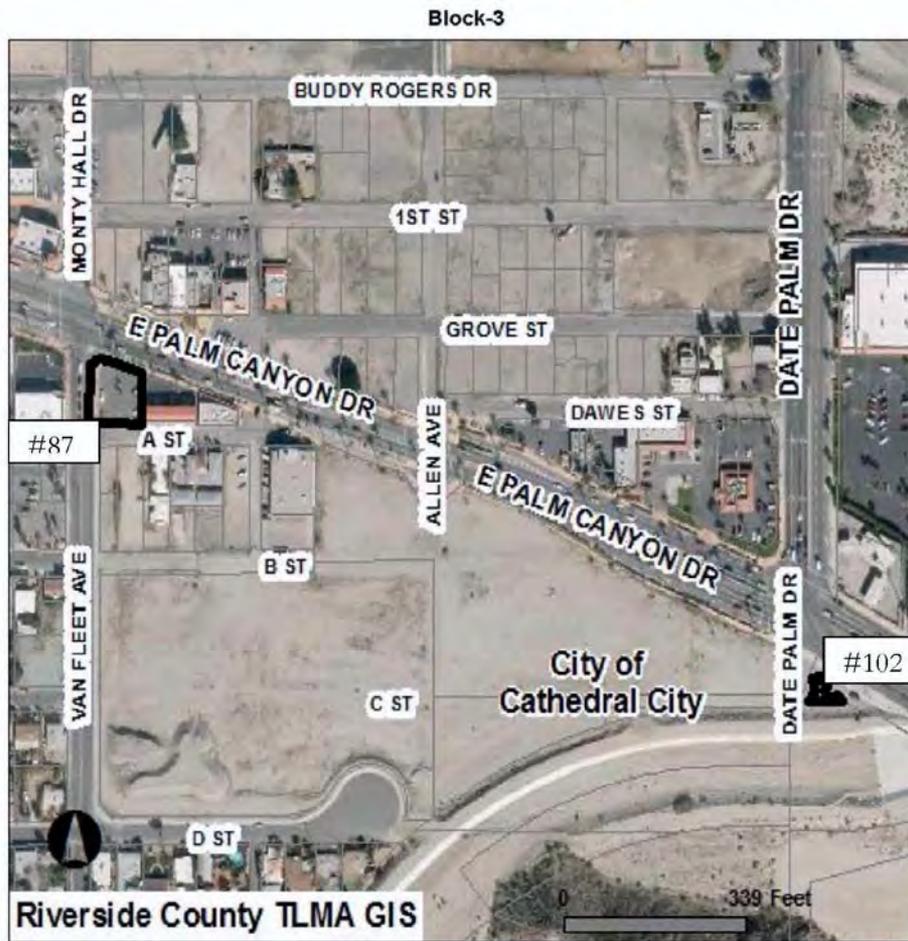
Estimated Value \$436,600



Disposition Parcel – Block 2.1

#101 Disposition Parcel – Estimated Value \$(482,000)

Parcel requires major flood protection improvements

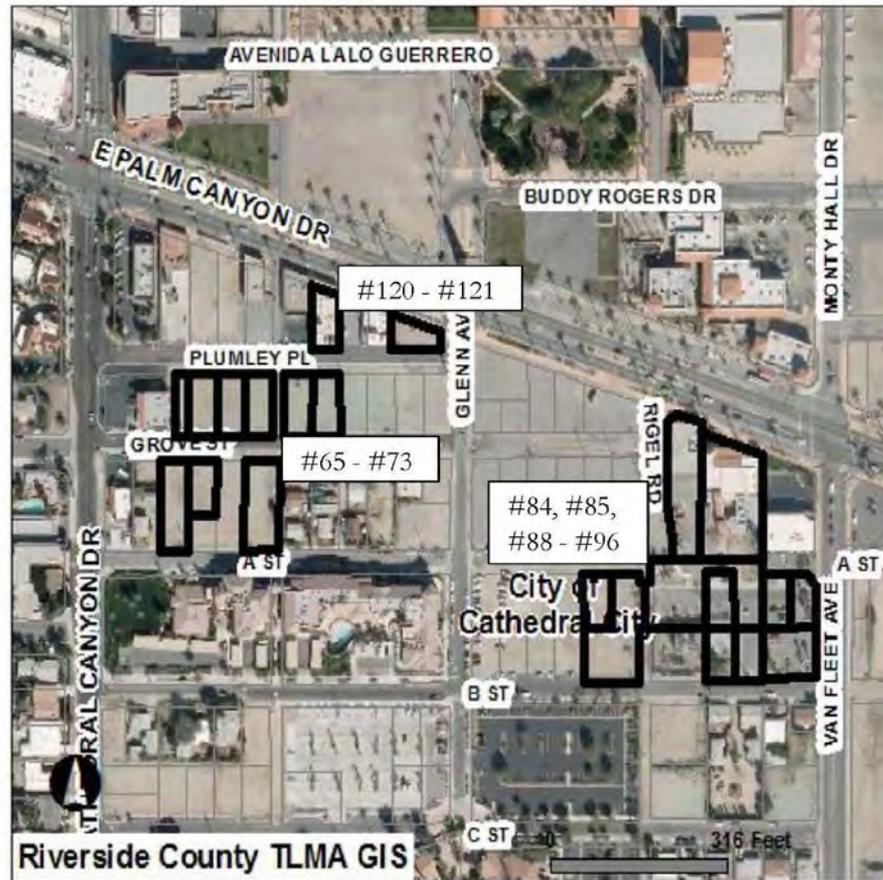


Disposition Parcels – Block 3

#87 & #102 Disposition Parcels

Estimated Value \$59,100

Block-4



Disposition Parcels – Block 4

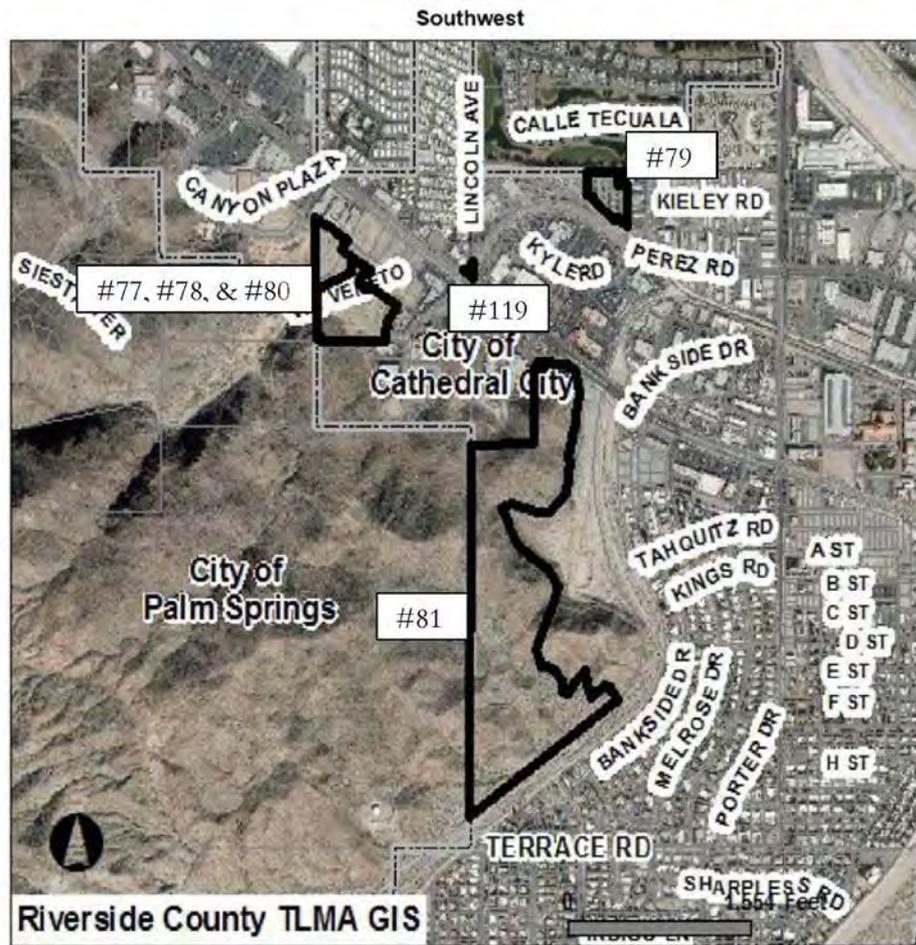
#65 through #73, #120, & #121 Disposition Parcels –
Estimated Value \$57,600



Disposition Parcels – Block 4.1

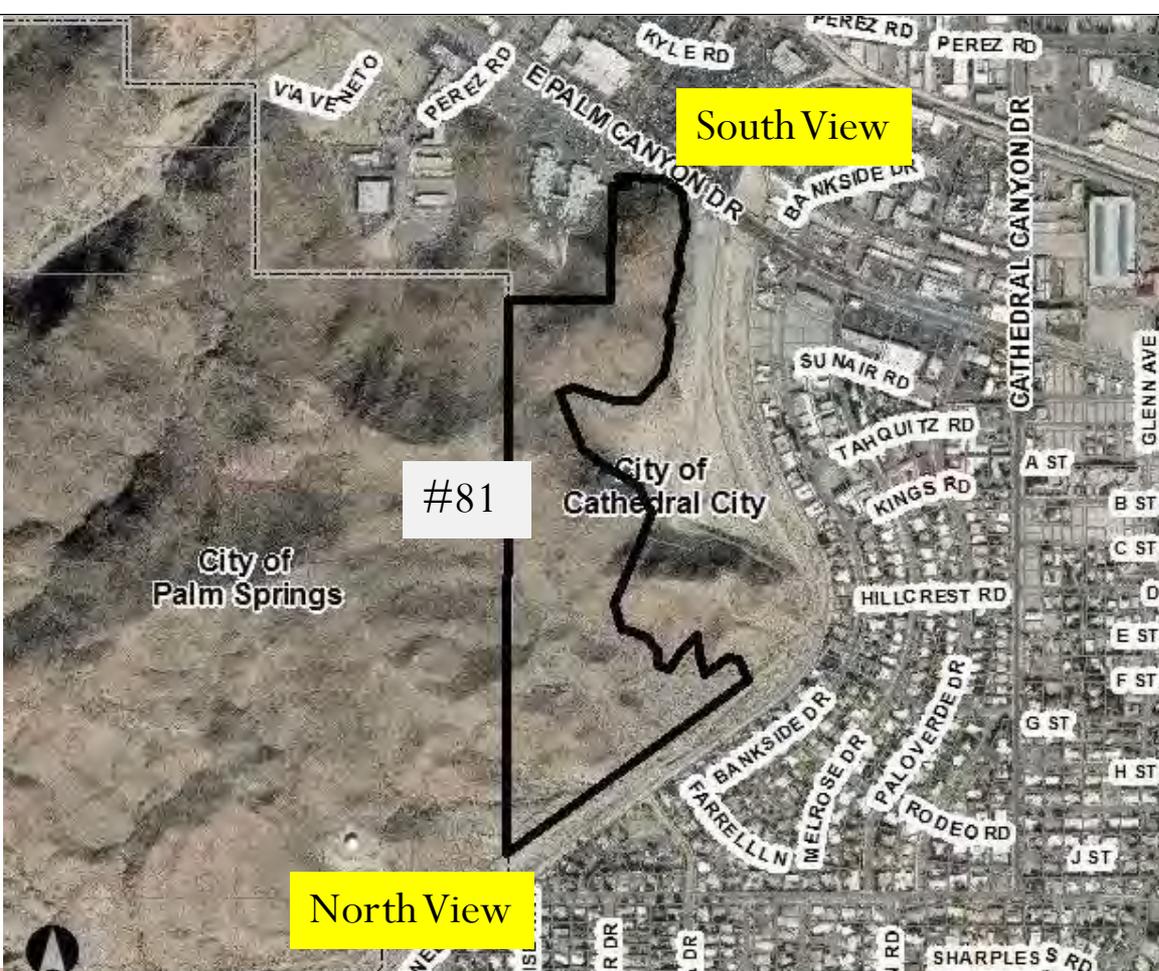
#97, #98, #122, #123, & #124 Disposition Parcels

Estimated Value \$105,000



Disposition Parcels – Southwest Block

#78, #79, #80, & #81 Disposition Parcels plus
#77 Enforceable Use Parcel: Estimated Value \$471,000



Open Space – Hillside Residential

#81 –Disposition Parcel

Estimated Value \$100,000



North View



South View

Open Space – Hillside Residential

#81 –Disposition Parcel

Estimated Value \$100,000



Disposition Parcels - North Block

#103 through #116 Disposition Parcels

Estimated Value \$110,500



Oversight Board Action:

**See Agenda Staff Report
and Resolutions**

RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF CATHEDRAL CITY APPROVING THE SUCCESSOR AGENCY'S LONG-RANGE PROPERTY MANAGEMENT PLAN IN ACCORD WITH CALIFORNIA HEALTH & SAFETY CODE SECTION 34191.5

WHEREAS, in accordance with the provisions of the California Community Redevelopment Law (Health and Safety Code section 33000, et seq. (“**CRL**”), the City Council of the City of Cathedral City (“**City**”) previously established the Redevelopment Agency of the City of Cathedral City, a public body, corporate and politic (“**Agency**”), to carry out the purposes of and exercise the powers granted to community redevelopment agencies in accordance with the CRL;

WHEREAS, the Agency established three redevelopment project areas, subsequently becoming a single Merged Project Area in 2006 (the “**Project Area**”), to carry out the redevelopment and revitalization of properties within the Project Area in accord with the approved redevelopment plan for the Project Area (the “**Redevelopment Plan**”) adopted under the authority of the CRL;

WHEREAS, on February 1, 2012, the Agency was dissolved in accord with Assembly Bill IX26 (Stats. 2011, 1st Ex. Sess., Ch. 5) (“**AB 26**”), and its rights, powers, duties and obligations were transferred to a “successor agency” (as defined by CRL section 34171(j) and section 34173);

WHEREAS, in accord with AB 26, the City Council took official action electing to become the Agency’s successor agency (“**Successor Agency**”) in accord with CRL sections 34173 and 34176;

WHEREAS, an oversight board (“**Oversight Board**”) was formed for the Successor Agency in accord with CRL section 34179 and it exercises the powers and carries out the responsibilities given to it under Part 1.85 of Division 24 of the CRL;

WHEREAS, the Successor Agency completed the due diligence reviews (“**DDRs**”) required under CRL section 34179.5 and submitted them for approval to the Oversight Board and the California Department of Finance (“**DOF**”), as required by CRL section 34179.6;

WHEREAS, the Oversight Board and DOF reviewed and approved the DDRs;

WHEREAS, following the DDRs’ approval, the Successor Agency paid those amounts required under CRL sections 34179.5(c)(6) and 34179.6(d), as confirmed by the Riverside County Auditor-Controller in accord with CRL section 34179.6(g);

WHEREAS, the Successor Agency also paid those amounts required under CRL section 34183.5;

WHEREAS, as a result of the above-described payments, on April 17, 2013, the DOF issued the Successor Agency a “finding of completion” (“**Finding of Completion**”) as described in CRL section 34179.7;

WHEREAS, as a result of its receipt of the Finding of Completion, the Successor Agency was required to prepare a “long-range property management plan” (“**LRPMP**”) meeting the requirements of CRL section 34191.5 and submit it to the Oversight Board and the DOF for approval; and

WHEREAS, the Successor Agency prepared its LRPMP (copy attached) in accord with CRL section 34191.5(c).

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF CATHEDRAL CITY AS FOLLOWS:

Section 1. The Oversight Board finds that the LRPMP meets the requirements of CRL section 34191.5(c) and approves the LRPMP in the form attached as Exhibit A. The Oversight Board directs the Successor Agency to transmit the LRPMP to the DOF for approval as required by CRL section 34191.5(b).

Section 2. This Resolution will become effective as provided by CRL section 34179(h).

The foregoing Resolution was duly and regularly adopted at a regular meeting of the Oversight Board to the Successor Agency of the Redevelopment Agency of Cathedral City held on _____, 2013 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

CHAIR

ATTEST:

Oversight Board Secretary

EXHIBIT A
LONG-RANGE PROPERTY MANAGEMENT PLAN

[attached behind this page]

RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF CATHEDRAL CITY AUTHORIZING THE DISPOSITION OF SUCCESSOR AGENCY PROPERTIES IN ACCORDANCE WITH CALIFORNIA HEALTH & SAFETY CODE SECTION 34181 AND THE SUCCESSOR AGENCY'S APPROVED LONG-RANGE PROPERTY MANAGEMENT PLAN

WHEREAS, in accordance with the provisions of the California Community Redevelopment Law (Health and Safety Code section 33000, et seq. (“**CRL**”), the City Council of the City of Cathedral City (“**City**”) previously established the Redevelopment Agency of the City of Cathedral City, a public body, corporate and politic (“**Agency**”), to carry out the purposes of and exercise the powers granted to community redevelopment agencies in accordance with the CRL;

WHEREAS, the Agency established three redevelopment project areas, subsequently becoming a single Merged Project Area in 2006 (the “**Project Area**”), to carry out the redevelopment and revitalization of properties within the Project Area in accord with the approved redevelopment plan for the Project Area (the “**Redevelopment Plan**”) adopted under the authority of the CRL;

WHEREAS, on February 1, 2012, the Agency was dissolved in accord with Assembly Bill IX26 (Stats. 2011, 1st Ex. Sess., Ch. 5) (“**AB 26**”), and its rights, powers, duties and obligations were transferred to a “successor agency” (as defined by CRL section 34171(j) and section 34173);

WHEREAS, in accord with AB 26, the City Council took official action electing to become the Agency’s successor agency (“**Successor Agency**”) in accord with CRL sections 34173 and 34176;

WHEREAS, an oversight board (“**Oversight Board**”) was formed for the Successor Agency in accord with CRL section 34179 and it exercises the powers and carries out the responsibilities given to it under Part 1.85 of Division 24 of the CRL;

WHEREAS, the Successor Agency completed the due diligence reviews (“**DDRs**”) required under CRL section 34179.5 and submitted them for approval to the Oversight Board and the California Department of Finance (“**DOF**”), as required by CRL section 34179.6;

WHEREAS, the Oversight Board and the DOF reviewed and approved the DD Rs;

WHEREAS, following the DD Rs’ approval, the Successor Agency paid those amounts required under CRL sections 34179.5(c)(6) and 34179.6(d), as confirmed by the Riverside County Auditor-Controller in accord with CRL section 34179.6(g);

WHEREAS, the Successor Agency also paid those amounts required under CRL section 34183.5;

WHEREAS, as a result of the above-described payments, on April 17, 2013, the DOF issued the Successor Agency a “finding of completion” (“**Finding of Completion**”) as described in CRL section 34179.7;

WHEREAS, as a result of its receipt of the Finding of Completion, the Successor Agency was required to prepare a “long-range property management plan” (“**LRPMP**”) meeting the requirements of CRL section 34191.5 and submit it to the Oversight Board and the DOF for approval;

WHEREAS, the Successor Agency prepared its LRPMP in accord with CRL section 34191.5(c) and submitted it to the Oversight Board for approval;

WHEREAS, on September 26, 2013, the Oversight Board approved the LRPMP and directed that it be submitted to the DOF for approval in accord with CRL section 34191.5(b);

WHEREAS, as required by CRL section 34191.5(a), the Successor Agency has established a “Community Redevelopment Property Trust Fund” (“**CRPTF**”);

WHEREAS, the LRPMP categorizes the former Agency’s properties identified by the Successor Agency under CRL 34179.5(c)(5)(C) into the following groups: (i) seventeen (17) parcels that are to be retained for governmental use under CRL section 34181(a) (“**Governmental Use Parcels**”); (ii) one (1) parcel that is subject to an enforceable obligation under CRL section 34191.5(c)(2) (“**Enforceable Obligation Parcel**”); (iii) one hundred nine (109) parcels that are to be sold and the proceeds distributed to the Riverside County Auditor-Controller for distribution to other taxing entities in accord with CRL section 34191.5(c)(2)(B) (“**Disposition Parcels**”);

WHEREAS, CRL section 34181(a) requires the Oversight Board to direct the Successor Agency to dispose of all the Agency’s non-housing assets and properties; and

WHEREAS, the Oversight Board has adopted this Resolution at a public meeting held no less than ten (10) days after public notice of the specific actions authorized by this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF CATHEDRAL CITY AS FOLLOWS:

Section 1. Transfer of Properties into the CRPTF. As required by CRL sections 34191.4(a) and 34191.5(c)(2), following the DOF’s approval of the LRPMP, the Successor Agency is directed to deposit all Parcels identified in the LRPMP other than the Enforceable Obligation Parcel into the CRPTF.

Section 2. Transfer of Governmental Use Parcels. Following the DOF’s approval of the LRPMP, the Successor Agency is directed to transfer all Governmental Use Parcels from the CRPTF to the City at no cost.

Section 3. Liquidation of Disposition Parcels.

(1) Following the DOF’s approval of the LRPMP, the Successor Agency is directed to liquidate all Disposition Parcels for no less than the values attributed to each Disposition Parcel in the LRPMP and distribute the monetary sales proceeds to the Riverside County Auditor-Controller for distribution to the taxing agencies in accord with CRL section 34191.5(c)(2)(B). The Successor Agency may begin marketing of the Disposition Parcels prior to the DOF’s approval of the LRPMP and may enter into negotiations pertaining to the terms of their sale or other disposition, but no Disposition Parcel may be sold, leased, encumbered or otherwise transferred until after the DOF’s approval of the LRPMP. The Disposition Parcels may be disposed of individually or grouped together, as described in the LRPMP.

(2) The Successor Agency is authorized to liquidate all of the Disposition Parcels as soon as reasonably practicable, consistent with maximizing value. The Successor Agency is not required to return to the Oversight Board or to the DOF for approval of the sale or transfer of any Disposition Parcel as to which (a) a binding purchase and sale or similar agreement has been entered into by the Successor Agency within one hundred eighty (180) days after the DOF’s approval of the LRPMP, and (b) the total monetary and non-monetary consideration to be received by the Successor Agency is no less than the value ascribed to that Disposition Parcel in the LRPMP. Any proposed sale or transfer which does not satisfy both of the foregoing conditions must be presented to the Oversight Board for review and approval prior to the consummation of the sale or transfer.

Section 4. Retention of Enforceable Obligation Parcel. The Successor Agency is directed to retain the Enforceable Obligation Parcel for disposition in accord with the applicable enforceable obligation.

Section 5. Ratification of Prior Acts and Authority for Future Acts. The Successor Agency and its staff are authorized and directed to do any and all things, and to execute any and all documents, which they may deem necessary or advisable to effectuate this Resolution. Any previously-taken acts or previously-executed documents are ratified.

Section 6. CEQA. 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 section 15000 *et seq.*) (the “Guidelines”), the Oversight Board has determined that the approvals and authorizations given by this Resolution are not a project under CEQA and that the adoption of this Resolution 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 the approvals and authorization may have a significant effect on the environment because this Resolution does not authorize the development of land or permit any new use of land which will result in a significant effect on the environment and, thus, the action is exempt from CEQA (Guidelines section 15061(b)(3)). The Successor Agency is directed to prepare and post a notice of exemption pursuant to Guidelines section 15062.

Section 7. Effectiveness. This Resolution will become effective as provided by CRL section 34181(f).

The foregoing Resolution was duly and regularly adopted at a regular meeting of the Oversight Board to the Successor Agency of the Redevelopment Agency of Cathedral City held on September 26, 2013 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

CHAIR

ATTEST:

Oversight Board Secretary