

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF SANTA BARBARA
OVERSIGHT BOARD MINUTES
Wednesday, June 27, 2012 – 2:30 P.M. to 4:30 P.M.
David Gebhard Public Meeting Room
630 Garden Street, Santa Barbara CA 93101**

MEMBERS:

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| <u> X </u> Brian Fahnestock, Chair , California
Community Colleges | <u> X </u> Renee Bahl , Santa Barbara County
Flood Control and Water
Conservation District |
| <u> X </u> Carolle Van Sande, Vice Chair ,
Member of Public | <u> X </u> Meg Jetté , Santa Barbara County
Education Office |
| <u> X </u> Chandra Wallar , County of Santa
Barbara | <u> X </u> Paul Casey , Former Agency
Employee Representative, City of
Santa Barbara |
| <u> X </u> Jim Armstrong , City of Santa
Barbara | |
| <u> X </u> Mark Manion , Oversight Board
Counsel | |
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STAFF:

- X **Stephen Wiley**, City Attorney, City of Santa Barbara
- A **Bob Samario**, Finance Director, City of Santa Barbara
- X **Brian J. Bosse**, Waterfront Business Manager, City of Santa Barbara
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ORDER OF BUSINESS

- I. **CALL TO ORDER:** 2:30 PM
- II. **CHANGES TO THE AGENDA:** Bob Samario is not here to give his presentation.
Paul Casey gave update of State budget trailer bill. Dept. of Finance has removed sale of parking lots from trailer bills.
- III. **PUBLIC COMMENT:** None.
- IV. **APPROVAL OF MINUTES** – Approved
Motion: Renee Bahl, Carolle Van Sande.
- A. **Minutes of May 17, 2012**
B. **Minutes of May 24, 2012**
C. **Minutes of May 30, 2012**
- V. **CONSENT CALENDAR** – No Items
- VI. **ITEMS SCHEDULED FOR ACTION/DISCUSSION**
- A. **Process for Disposal of Property - Mark Manion, Oversight Board Attorney**
Mark Manion said Successor Agency has to go by California Redevelopment Law. The only difference is property has to be sold expeditiously and in an effort to get the most profit.

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B. Oversight Board Authority Regarding Property Disposition - Mark Manion, Oversight Board Attorney

Mark Manion said it is laid out in the statute. No language about what funds used to purchase, no mention of tax increment. Any property put to governmental use can be excluded but there are no specifics on what is considered "governmental use." Mark Manion said that must also look to source of funds, such as a grant, which may have some sort of restriction covenant, such as the TEA grant for the railroad properties purchase. The original legislation did include properties funded with tax increment. Paul Casey said that the issue of tax increment is resolved since it is no longer in trailer bill. Renee Bahl clarified the exceptions are government use or restrictions in source of funds. Brian Fahnestock clarified that the former RDA properties are owned by City, not Successor Agency. Brian Bosse confirmed that the Board members should use the Resolution 1026 with the list of RDA properties to review for this meeting.

C. Discussion Regarding Property
i. Railroad Depot Campus

Brian Fahnestock referred to page 4 of the resolution. Railroad properties total 5.39 acres, includes Railroad Depot, vacated streets, Montecito Street area 1 and 2, and parking lot. Brian Bosse gave the background using a Council Agenda Report regarding the purchase. Purchased with pooled California Rail Bonds 108 & 116 for \$4.702 million. The RDA used \$2.7 million own funds on the project. Of the RDA funds, \$75,000 of those funds were used for the purchase of REA building. The remainder was used for the historical renovation. Steve Wiley said the RDA used Tax Increment for restoration. On National Register of Historic Places, so changes can't reduce the present use. Brian Fahnestock clarified that the grant said the use is part of the grant requirement. Mark Manion said that the Oversight Board does not have the discretion to change the use. Brian Fahnestock asked about 235 State (\$667,000 from Caltrans in 2000). It is not part of Railroad Depot campus. Renee Bahl wanted to know if Board could not dispose of Railroad Station property or is it that the use could not change. Mark Manion said that restrictions associated with railroad properties and it would be a violation those restrictions to dispose of property. Also need to consider if the use benefits the public and don't have much say over what is a governmental use. Paul Casey said governmental purpose is to provide services to the public. Amtrak only pays \$1 a year. REA building is in use by Greyhound (\$4,000 a month) and that goes back to maintaining the building. Paul Casey said signalman's building lot has MOU with Children's Museum and feels that is a governmental purpose as a children's museum. Mark Manion wants to see documentation. Steve Wiley said Caltrans was strict about restricting to State rail transportation purposes. Sarah Knecht referred to an email (1/10/2008 from John Moore at Caltrans) Proposition 108 and 116 have been properly spent to provide important transportation services. The project is complete. Said the City of Santa Barbara could develop any remaining property as it sees fit as long as it benefits the public and no parking is taken away from Amtrak use. Steve Wiley said it is clear that it refers to the City

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making an agreement with the Children's Museum to lease the signalman's building parcel. Brian Fahnestock wants Mark Manion to check the documents. Renee Bahl questioned if the email really stated that the City could do what it would like with the rest of the Rail Station property as long as it that serves the public.

Speakers re: Children's Museum. Beth Collins-Burgard, attorney for the Children's Museum, clarified that there are four APNs. One has an easement for the tracks. Agrees that the rail bond funds were use governmental purposed and that the development lots serve public. Children's Museum has agreed to a lease of \$1 a year (MOU). Children's Museum has spent \$1.5 mil. Oct. 2011, Planning Commission approved project and it has a Community Priority project and is a "Green Project." Historic Landmarks Committee approved it. Her services are pro bono. Carolle Van Sande asked about the fact that the MOU only mentions 2 parcels. As they progressed through the process, the other two parcels were added. The developable space is the original two parcels.

Sergio Villa, board of Children's Museum, this is an incredible project. Saw the San Francisco Exploratorium and how it serves children of all ages. Children's Museum has performed a Feasibility Study and 75,000 a year attend and one quarter would be Latinos. Very easy access place not only for the people of Santa Barbara, but also kids from out of town. Incredible a lot of effort in fund raising and it's slowed down because of the shadow of this issue.

Nancy Sheldon, development chair and capital chair to raise \$20 million, and this is her only commitment. Her child really likes museums. It is difficult for many to go outside of Santa Barbara to museums. Has raised \$1.4 million for design development. Board has spent 28,000 hours to the project. Parents have acted as ambassadors to schools. 30 local foundations have made pledges. Have gotten \$4.2 million in pledges. Also an anonymous donor who is ready to pledge \$1 – 2 million more. Another local philanthropist is ready to pledge. Have had to put campaign on hold.

Renee Bahl wanted to review the list of governmental uses: roads, schools, parks and fire stations. No other definition. Mark Manion said it the collective wisdom of the board to say that it is a governmental use. Jim Armstrong asked the reverse: could the Board declare that a parcel has a governmental use, would that cause a problem? Mark Manion said it would be up to the State. Jim Armstrong said Das Williams had asked the Dept of Finance was told that it meets the governmental purpose. Jim Armstrong referred to MOU and has performed all the requirements and seems like enforceable obligation. Brian Fahnestock said the Board would decide at the next meeting with some further analysis. Mark Manion was asked, Does the Board desire the Children's Museum to be declared a governmental purpose. Brian Fahnestock and Paul Casey said yes. Carolle Van Sande wanted to know about the other parcels, the park and the abandoned Chapala Street. Paul Casey referred to 235 State Street and 217 Helena which will come up in the review of the parking lots. Depot Park is part of National Register designation.

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Vacated part of Chapala Street will be removed to daylight the creek. Steve Wiley said that the Railroad has streets that are considered “Paper Streets” and have separate APNs but never did become streets. Cleaned these up as part of railroad depot project.

ii. 125 Calle Cesar Chavez

Brian Bosse on page 2, of the resolution. Four parcels, 2.41 acres. The property was purchased from Borgatello family (Spumoni Holding Company) for \$2.875 million. There is a condition to supply 20 parking spaces to nearby Casa Esperanza. Lower left parcel has a setback from wetland, maybe 15 to 20 feet. Has low level hydrocarbon issues. Brian Fahnestock asked if this property could be considered for disposal. Brian Bosse agreed. Meg Jette said that the schools want it, and asked if it could just be transferred. Paul Casey asked if one of taxing entity wants it, it could be transferred if the other entities get reimbursed? No. Mark Manion if you identify an existing governmental purpose. Request For Qualifications has been sent out for appraisal services. Meg Jette stated that the schools already are 42% of the RDA and could they just pay the remainder on the property. Mark Manion said that if it were all free and clear, the proceeds would go to all taxing agencies. Steve Wiley said this property can be tough to develop: wetlands areas and in Coastal Zone. Zone M-1 does not allow residential development. Brain Bosse stated that all this info was included in RFP. Carolle Van Sande asked about the previous suggested community uses, such as the community arts center and Fiesta float storage. Any other obligations? No other entity has any interest in it. Paul Casey stated that only conversations. The Casa Esperanza requirement to provide 20 parking can be moved around depending on the development.

iii. Parking Lots – Browning Allen, Transportation Manager

Browning Allen, on page 5 of resolution.

Cota Street Commuter Parking Lot primary purpose provides downtown workers parking and Community Development Department employees get to use it. Commuters pay \$40 a month, free if carpool. Farmers’ Market uses this lot. Free on evenings and Sundays.

217 Helena Street: New surface lot, 90 minutes free and monthly parking. Hostel has own parking. Two electric car charging stations.

General questions. Are there charges for Farmers’ Market? Nominal charges for PBIA. Brian Fahnestock wanted to know if Board can consent that all the remaining parking lots are “governmental purpose.” Browning Allen reminded the Board that all of the fees go back into system. Carolle Van Sande asked when 217 Helena Street was acquired? Steve Wiley said that the conditions go back 20 years. Paul Casey said that the property was always intended to be a parking lot, but its development had to wait for the Hostel development. Brian Fahnestock concerned about future use changing, could be developed into something else? Mark Manion said that the Board could only consider the current use. No restrictive covenant. Carolle Van Sande wanted to know

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when the job went out to bid. The bids came in the June 2011 date. Steve Wiley said that it is a private covenant, a deal with Fess Parker over 20 years ago.

235 State Street – Carolle Van Sande wanted to know how it got to be developed as part of railroad project. Browning Allen explained that it was purchased as excess right-of-way property from the development of the new crosstown freeway. Meant to be a public parking lot. Downtown Parking program does not receive any of the fees. It needs some ADA improvements. Steve Wiley explained that it was a Shell Station with leaking underground gas storage tanks. CalTrans had to acquire the property to build the new freeway but didn't get all the hazardous materials all cleaned up. CalTrans sold the remainder of the property to the RDA and required that the parcel could only be public parking.

iv. City Parks

Brian Bosse, page 2 of resolution. Discussion about the previously-owned RDA parcels that comprise the Chase Palm Park Expansion and Bath Street parcels. Brian Fahnestock asked if any issues. Renee Bahl asked if there were any other funding sources to acquire parcels for the park. Steve Wiley said that Fess Parker originally purchased all the land (8 acres) from Southern Pacific Railway. Fess Parker developed his first hotel (now the DoubleTree). He had three acres set aside for his future hotel. City owned five and Fess gave RDA five. Fess Parker required that this property be a park with an arbor to lead to his new hotel. Brian Fahnestock stated that all government purposes. Jim Armstrong asked if the land was given to be developed as a park. Steve Wiley confirmed. Bath Street Parcels? Paul Casey responded that this property is all on ROPS and included bond fund statement. Carolle Van Sande wants parcel maps for all properties: Chase Palm Park Expansion. Asked about parcel in front of DoubleTree? It is a City parks easement. Carolle was asking about APN ending in 04 along the railroad track. Need a parcel map. Brian Fahnestock wants parks with all parcels denoted: Bath Street is small and restricted. March Aguilar confirmed that it was purchased to be included in creek renovation as a setback. Currently not developed. Mark Manion stated that it was purchased for open space or setback, essentially a right of way, governmental use.

Renee Bahl wants to go back to Railroad Depot and Children's Museum. Asked what direction the Board gave to counsel. Is he going to look at existing covenants on the parcel or is he going to find a way to call it government purpose. Mark Manion is to look at covenant (funding source) and to also see if it qualifies as a governmental purpose. Renee Bahl can't see it as a governmental purpose right now but will wait for analysis.

v. Garden/Ortega Property

Brian Bosse, page 3 of resolution. Ortega Water Treatment. Was all part of Mental Health project. RDA had an easier time developing properties. What's left? Not known as yet. Sarah Knecht no bond fund used to purchase. Brian Bosse stated that tax increment was used to work with Community Arts

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People. Jim Armstrong stated that the entire site is being used for construction. Mark Manion stated that the funding source may be struck down by State Brian Fahnestock red dotted line denotes an approximate area not included in treatment project. Brian Fahnestock made the point that some portion will not be used for government purpose. Jim Armstrong transferred to RDA to make access for the Mental Health project. It might take another year to finish project. Paul Casey stated that it is one parcel. Is Board going to force a division? Mark Manion says that part government purpose is all government purpose. Brian Bosse said there is a lot of contamination. Carolle Van Sande said Board can't take action but need to maximize. Paul Casey asked would the Board force the City to do a lot split. Brian Fahnestock used an example of a parking lot which might have a grassy area and the Board could force a split.

Carrolle Van Sande wanted to revisit Parking Lots with Browning Allen. Mark Manion current trailer bill has removed parking lots. Mark Manion said that the Board has to decide if parking lots operated by City are a government purpose (not strictly defined in trailer). Carolle Van Sande wanted to know if Board can put a deed restriction on City parking lots. Board can recommend to successor agency to put a deed restriction on parking lots. Paul Casey stated that the City wants to keep operating them as parking lots. Meg Jette asked why no "pass-throughs" to schools. Steve Wiley said there was no legislation for "pass-throughs" until 1983. Pass-throughs became mandatory in 1990. Jim Armstrong understood that the Board was going include the parking lots on list of government purpose. Mark Manion wanted Board to inform staff regarding parking lots as government purpose. Carolle Van Sande wants to have opportunity to talk about Paseo Nuevo and the parking lots associated with it. Thinks it's a case by case basis for each parking lot. Brown Allen said it's all one system. Paseo Nuevo parking is managed as part of development. Carolle Van Sande wants to look through all the lots individually. Brian Fahnestock was each parking lot to show all parcels so can discuss at next meeting. Paul Casey will discuss Paseo Nuevo later because it's complicated. Will discuss each parcel and decide. Department of Finance hasn't made any announcements about properties.

D. Discussion of Cash Assets – Bob Samario

Bob Samario was out of town so the Cash Assets discussion was postponed.

VII. ADJOURNMENT

Next Meeting: Second half of August.

Topics for Next Meeting: Parking lots with a listing of each parcel. Legislature update.
Paseo Nuevo discussion. Formal action on properties.
Approval of Professional Services Contract for Appraisals.

Adjourned at 4:30. Meg Jette and Carolle Van Sande motioned and seconded.