



# SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA

## OVERSIGHT BOARD AGENDA REPORT

**AGENDA DATE:** September 20, 2012

**TO:** Oversight Board Members

**FROM:** Successor Agency Staff

**SUBJECT:** Oversight Board Actions Regarding Expenditures, Property Transfer, and a Request From Ensemble Theatre Company

**RECOMMENDATIONS:** That the Oversight Board:

- A. Approve the Proposed Process for Approved Project Expenditures;
- B. Adopt A Resolution Of The Oversight Board Of The Successor Agency To The Redevelopment Agency Of The City Of Santa Barbara Directing The Successor Agency To Transfer Ownership Of The Certain Real Property Listed Below That Has Been Constructed And Used For A Governmental Purpose To The City Of Santa Barbara:
  - Bath street properties encompassing .06 acre located at 635 Bath Street (APN 037-113-009) and 633 Bath Street (APN 037-113-010) located southwesterly of Bath Street and southeasterly of Ortega Street.
  - Chase Palm Park Expansion encompassing 8.21 acres including Chase Palm Park Access Easement (APN 017-680-004) and Chase Palm Park (APN 017-680-011, 017-680-012) located north of Cabrillo Boulevard and southwesterly of the Union Pacific Railroad Company right of way.
  - Ortega Water Treatment Facility encompassing 1 acre (APN 031-152-033) located southeast of Ortega Street and southwest of Garden Street.
  - Parking Lots encompassing approximately 12.23 acres and including:
    - Cota Street Commuter Parking Lot (APN 031-151-018) located northwesterly of Cota Street and southwesterly of Santa Barbara Street;
    - 217 Helena Street Parking Lot (APN 033-051-020);
    - Mason Street Public Parking Lot located southeasterly of Mason Street and northerly of the operating right of way owned by the Union Pacific Railroad Company, (APN 033-113-014 and sometimes APN 033-113-022);
    - Garden Street Public Parking Lot located westerly of Garden Street, northwesterly of Cabrillo Boulevard and southerly of the operating right of way owned by the Union Pacific Railroad Company, (APN 033-113-016, 033-113-017, 033-113-018, and sometimes APN 033-113-023);

- Parking Structure No. 10 located southwesterly of Anacapa Street and southeasterly of Ortega Street (APN 037-132-035, 037-132-036, 037-132-038);
  - Parking Lot No. 11 located northeasterly of State Street (APN 037-173-047);
  - Parking Lot No. 11 located southeasterly of Cota Street (APN 037-173-049);
  - Parking Lot No. 11 located southwesterly of Anacapa Street and northwesterly of Haley Street (APN 037-173-050);
  - Parking Lot No. 12 located southwesterly of State Street, northwesterly of U.S. Highway 101, northeasterly of Motor Way, and southeasterly of Gutierrez Street (APN 037-252-011);
  - Granada Garage (Parking Lot No. 6) located southwesterly of Anacapa Street and northwesterly of Anapamu Street (APNs 039-183-046, 039-183-053, 039-183-054);
  - Carrillo Street Commuter Parking Lot located northwesterly of Carrillo Street and southwesterly of Castillo Street (APN 039-261-009); and
  - Parking Lot No. 2 located northeasterly of Chapala Street and northwesterly of Canon Perdido Street (APNs 039-321-045, 039-321-047, 039-321-048, 039-321-051, 039-321-054, 039-321-055, 039-321-056).
- Railroad Depot encompassing 5.39 acres and including:
    - Railroad Depot, Vacated Streets encompassing those certain parcels of real property underlying those vacated portions of Chapala Street and Yanonali Street, and being adjacent to the operating rights of way of Union Pacific Railroad Company, located southeasterly of Montecito Street and southwesterly of State Street, (APNs 033-010-014, 033-010-015, 033-041-012, 033-042-014, 033-042-015);
    - Railroad Depot, Montecito Street, Area 1: former 35 W. Montecito Street (APN 033-042-001) and former 29 W. Montecito Street (APN 033-042-002);
    - Railroad Depot, Montecito Street, Area 2: former 25 W. Montecito Street (APN 033-042-003) and former 23 W. Montecito Street (APN 033-042-004);
    - Railroad Depot Parking Lot (235 State Street Public Parking Lot) located southwesterly of State Street and southeasterly of Montecito Street (APN 033-042-019);
    - 220 Chapala Street (APNs 033-010-011, 033-041-013, 033-042-012);
    - 125 State Street (APNs 033-010-012, 033-042-016, 033-075-012, 033-075-014); and
    - 225 Chapala Street (APNs 033-010-013, 033-042-017).
- C. Consider a Request from the Ensemble Theatre Company for Oversight Board direction to the Successor Agency to Re-negotiate Grant Agreement # 540 for the Benefit of Taxing Entities.

## **DISCUSSION:**

Proposed Process for Approved Project Expenditures: At the August 20, 2012 meeting of the Oversight Board a number of Boardmembers requested that staff develop a process for reviewing project expenditures over and above Oversight Board approvals. The new Department of Finance Recognized Obligation Payment Schedule requires that an analysis be provided on prior period estimated obligations versus actual payments made on those obligations. The Oversight Board reviewed the ROPS III and the prior period payments at the August 20, 2012 meeting. The reconciliation showed that for some of the obligations, the actual payments made were more than the Oversight Board-approved obligations. Following the meeting, staff went back and reviewed the format of the reporting form as we all as the reported amounts listed on the form. Amounts were adjusted to reflect only the approved obligations and thus, all payments are now within Oversight Board- approved obligations.

Staff's opinion is that now, with clarifications to the statute and a more solid understanding of the new Recognized Obligation Payment Schedule, overages will not take place. From a process standpoint, Successor Agency staff will continue to review Oversight Board-approved expenditures and confirm that those expenditures are within the approved limits and within the requirements in AB X1 26. If an anomaly occurs where an overage occurs, Successor Agency staff will not make payment until such time as the Oversight Board can review and make a decision regarding said anomaly.

Transfer Ownership Of Governmental Purpose Properties Formerly Owned By The Redevelopment Agency: Assembly Bill X1 26, as amended by AB 1484, provides that an oversight board may, by resolution adopted at a duly noticed public hearing, direct a successor agency to transfer ownership of those assets that were constructed and used for a governmental purpose to the appropriate public jurisdiction.

In accordance with the direction by the Oversight Board to the Successor Agency staff on August 20, 2012, staff has prepared the attached Resolution which, if adopted by the Oversight Board, would direct the Successor Agency to transfer ownership of all governmental purpose properties to the City of Santa Barbara. The governmental purpose property included in the Resolution, and recommended for transfer, consists of the Bath Street properties, Chase Palm Park, Ortega Water Treatment Facility, several public parking lots and structures, and the historic Railroad Depot campus. All of these properties have been previously discussed by the Oversight Board and are governmental purpose properties.

The remaining property owned by the former Redevelopment Agency of the City of Santa Barbara, including the property located at 125 Calle Cesar Chavez and the remainder interest in Paseo Nuevo Retail Center, will be included within the long-range property management plan to be prepared by the Successor Agency.

Request from Ensemble Theatre Company: Grant Terms and Reduction in Grant Amount: In June 2011, the former Redevelopment Agency of the City of Santa Barbara ("RDA") entered into a Grant Agreement with the Ensemble Theatre wherein the RDA agreed to grant Ensemble up to \$1,000,000 to fund certain improvements to the Victoria

Theater. The Grant Agreement requires that the theater be used for performing arts purposes and to be made available for community and non-profit performing arts groups for at least six-years after completion of the theater restoration. As security for the performance covenants provided in the Agreement, RDA funds would not be used until after substantial completion of the restoration project and funding would be secured by a deed of trust recorded against the Ensemble leasehold.

The Ensemble grant would be funded with proceeds from the 2003 RDA bond. The Oversight Board approved the Ensemble Grant as an enforceable obligation on the First ROPS. Due to timing requirements in the Grant, the Grant has not been scheduled for payment.

As discussed in detail in the letter submitted by Ensemble to the Board (attached), Ensemble has recently been in negotiations with the three owners of the Victoria building whereby Ensemble could acquire long-term ownership of the Victoria Theater building through a 99-year lease with the remaining property owner after a buy-out of the other owners' interests. Change to the ownership structure would allow for the redevelopment funds to be used to assist Ensemble with the theater purchase instead of for use to purchase theater equipment at the conclusion of the restoration project.

Benefits to Ensemble from such an ownership structure would include access to the RDA grant funding sooner without possibly triggering a prevailing wage requirement. Ensemble has proposed that the grant funding be reduced by \$50,000 from \$1,000,000 to \$950,000.

Assembly Bill No. X1 26, as amended by Assembly Bill No. 1484, authorizes the Oversight Board to direct the Successor Agency to renegotiate agreements between the former redevelopment agency and a private party to "reduce liabilities and increase net revenues to the taxing entities" and present the proposed amendment to the Oversight Board for approval. The Board may approve such amendments if it finds that the amendment would be in the best interests of the taxing entities.

**ATTACHMENT:** Letter from Ensemble Theatre Dated September 13, 2012

**PREPARED BY / SUBMITTED BY:** Brian J. Bosse, Waterfront Business Manager