

STAFF REPORT NEW BUSINESS a
OF
Oversight Board to the Successor Agency of the
South Tahoe Redevelopment Agency
Meeting July 25, 2014

TO: Honorable Chair and Board Members of the Successor Agency to the South Tahoe Redevelopment Agency

FROM: Nancy Kerry, Executive Director
Successor Agency to the South Tahoe Redevelopment Agency

RE: Resolution of the Board of Directors of the Oversight Board to the Successor Agency of the South Tahoe Redevelopment Agency Accepting the Offer from the City of South Lake Tahoe to Purchase the Southwest Corner Parcels Assessor No. 027-690-08-100 and 027-690-09-100 for Appraised Fair Market Value \$800,000 and Directing Proceeds of the Sale be Utilized to Pay Enforceable Obligations in Accordance with the Approved Long Range Property Management Plan

RECOMMENDATION:

Adopt Resolution (Attachment 1)

BACKGROUND:

ABX1 26 requires the Successor Agency of the South Tahoe Redevelopment Agency to dispose of assets of the former Redevelopment Agency in accordance with an approved Long Range Property Management Plan. On April 18, 2014, the Long Range Property Management Plan ("LRPMP") was approved by the Oversight Board (Attachment 2) and submitted to the Department of Finance (DOF) for consideration. On June 18, 2014, the DOF approved the LRPMP (Attachment 3). Item # A of the LRPMP describes the two parcels (APNs: 027-690-08-100 and 027-690-09-100) which combined are referred to as the Southwest Corner parcels. On June 11, 2014, Johnson-Perkins completed an appraisal of the properties and indicated the combined Fair Market Value is \$800,000 (Attachment 4).

On July 15, 2014, the City Council of the City of South Lake Tahoe approved the offer to purchase the Southwest Corner parcels for \$800,000 and on the same day the Successor Agency for the South Tahoe Redevelopment Agency adopted Resolution 2014-4 (Attachment 5) accepting the offer to purchase and directing the \$800,000 in sale proceeds be used for payment of enforceable obligations.

ISSUE AND DISCUSSION:

This item is before the Oversight Board of the South Tahoe Redevelopment Successor Agency to dispose of the two parcels known as the Southwest Corner Parcels for Fair Market Value in accordance with the approved Long Range Property

Management Plan (“LRPMP”) and proceeds from the sale to be used to pay enforceable obligations of the Former RDA.

Health and Safety code §34179.7 requires approved LRPMPs to address the disposition and use of real properties and interests in real properties of the Former RDA. As noted throughout the LRPMP, five properties and the development rights owned by the Former RDA (see table on next page) have been identified to be sold and the “proceeds be retained by STRSA given on-going insufficiencies in RPTTF funds required to meet enforceable obligations including bond debt service.”

Assets Owned by the Former RDA

The Former RDA owns nine properties as shown on the table below. Items #A through #E are real properties. Item #A are the two parcels collectively known as the Southwest Corner parcels located at the corner of Ski Run Boulevard and Highway 50. Item #F are the marketable development rights (18 Hotel/Motel Units and 27 Residential Units of Use). Items #A through #F are to be sold and the proceeds to pay enforceable obligations of the Former RDA.

Items #G and #H are Right of Way (ROW) turn lanes, which will be transferred to the Caltrans (#G) and the City of South Lake Tahoe (#H) for governmental uses. Item #I is the public access areas located within Heavenly Village development center, which are to be transferred to the City of South Lake Tahoe.

List of Successor Agency Properties and Disposition under LRPMP

Property	Use	Size	Disposition
A. Southwest Corner Lake Tahoe Blvd and Ski Run	Vacant	1.51 acres	Sale
B. 3141 Riverside at San Jose Avenue	Vacant	0.34 acres	Sale
C. 3900-08 Lake Tahoe Blvd	Vacant	1.16 acres	Sale
D. 3709 Osgood at Sonora	Vacant	0.23 acres	Sale
E. Parking Lot at Ski Run and Paradise Ave	Parking Lot	0.52 acres	Sale
F. Marketable Development Rights under Tahoe Regional Planning Agency Regulatory Program ¹	18 Hotel/Motel Rooms (TAUs); 27 Residential Units (RUUs);	Not applicable	Sale
G. Turn Lane ROW at Highway 50 and Ski Run	Turn lane / Street Right of Way	0.08 acres	Governmental Use/ Transfer to Caltrans
H. Maple Avenue ROW	Street Right of Way	0.48 acres	Governmental Use/ Transfer to City
I. Public Parcel within Heavenly Village	Public sidewalks, public plazas, landscaping.	1.91 acres	Governmental Use/ Transfer to City

This table is from the Long Range Property Management Plan, Page 1

Item #A Southwest Corner Parcels Offer to Purchase for FMV

Johnson-Perskins Real Estate Appraisal and Consulting Firm completed an Appraisal of the Southwest Corner parcels and determined \$800,000 was the Fair Market Value (FMV) for the properties. On July 15, 2014, the City of South Lake Tahoe offered to purchase the properties for the full FMV and the Successor Agency for the South Tahoe Redevelopment Agency accepted the offer (Attachment 5).

FIINANCIAL AND/OR POLICY IMPLICATIONS:

If the Oversight Board approves the attached resolution accepting the offer to purchase from the City of South Lake Tahoe for Fair Market Value, the proceeds from the sale (\$800,000) minus any applicable escrow and title obligations required of seller will be made available to the Successor Agency for payment of enforceable obligations in accordance with the approved Long Range Property Management Plan.

SIGNATURES:

By:



Thomas Watson,
Legal Counsel for Successor Agency
of the Former Redevelopment Agency

Attachments

1. Resolution for adoption
2. Long Range Property Management Plan with Oversight Board Resolution of Approval
3. June 18, 2014, Department of Finance approval of the LRPMP
4. Johnson-Perkins Appraisal for \$800,000
5. South Tahoe Redevelopment Agency adopted Resolution 2014-4

Attachment 1

RESOLUTION
for Adoption

RESOLUTION NO. _____

RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE SOUTH TAHOE REDEVELOPMENT AGENCY ACCEPTING THE OFFER FROM THE CITY OF SOUTH LAKE TAHOE TO PURCHASE THE SOUTHWEST CORNER PARCELS ASSESSOR NO. 027-690-08-100 AND 027-690-09-100 FOR APPRAISED FAIR MARKET VALUE OF \$800,000 AND DIRECTING PROCEEDS OF THE SALE BE UTILIZED TO PAY ENFORCEABLE OBLIGATIONS IN ACCORDANCE WITH THE APPROVED LONG RANGE PROPERTY MANAGEMENT PLAN

Recitals

A. The South Tahoe Redevelopment Agency (the "Former RDA") was a duly constituted redevelopment agency pursuant to provisions of the Community Redevelopment Law (the "Redevelopment Law") set forth in Section 33000 et seq. of the Health and Safety Code ("HSC") of the State of California (the "State").

B. Pursuant to AB X1 26 (which became effective at the end of June 2011), and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal.4th 231(2011)), the Former RDA was dissolved as of February 1, 2012, the Successor Agency was constituted as the successor entity to the Former RDA, and an oversight board of the Successor Agency (the "Oversight Board") was established.

C. Pursuant to AB X1 26, except for those provisions of the Redevelopment Law that are repealed, restricted or revised pursuant to AB X1 26, all authority, rights, powers, duties and obligations previously vested with the Former RDA under the Redevelopment Law are vested in the Successor Agency.

D. Pursuant to ABX1 26, the South Tahoe Redevelopment Successor Agency must dispose of assets of the former Redevelopment Agency in accordance with an approved Long Range Property Management Plan.

E. Health and Safety code §34179.7 requires approved Long Range Property Management Plans ("LRPMP") address the disposition and use of real properties and interests in real properties of the Former RDA.

F. On November 7, 2012, the South Tahoe Redevelopment Successor Agency entered into a purchase and sale contract with Halferty Development Company, LLC for the sale of the Southwest Corner parcels, which contract contained as a condition precedent, the approval of the Oversight Board to the sale.

G. On February 25, 2014, the Oversight Board denied approval of the Halferty sale, instructed the South Tahoe Redevelopment Successor Agency to terminate the escrow and have an appraisal performed on the Southwest Corner parcels for fair market value prior to relisting the parcels for sale.

H. On April 18, 2014, the LRPMP was approved by the Oversight Board and submitted to the Department of Finance (DOF) for consideration; the LRPMP identified five real properties and development rights be sold and the *"proceeds be retained by STRSA given on-going insufficiencies in RPTTF funds required to meet enforceable obligations including bond debt service."*

I. On June 18, 2014, the DOF approved the LRPMP.

J. Johnson-Perkins Real Estate Appraisal and Consulting Firm completed an Appraisal of the Southwest Corner parcels and determined \$800,000 is the Fair Market Value of the properties.

K. On July 15, 2014, the City Council of the City of South Lake Tahoe offered to purchase the properties for the full Fair Market Value as appraised (\$800,000).

L. The South Tahoe Redevelopment Successor Agency receives disbursement from the Redevelopment Property Tax Trust Fund ("RPTTF") for enforceable obligation payments however, in each period, there is insufficient tax increment to cover debt service for all enforceable obligations.

M. Disposing of the Former RDA assets through sale for Fair Market Value will provide additional revenues for debt service of the enforceable obligations.

N. HSC Section 34177(a)(4) provides that the Successor Agency may, with the prior approval of the Oversight Board, make payments on enforceable obligations from sources of funds other than those available in the RPTTF.

NOW, THEREFORE, THE SOUTH TAHOE REDEVELOPMENT SUCCESSOR AGENCY HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. The foregoing recitals, and each of them, are true and correct.

Section 2. This Board of Directors of the Oversight Board of the South Tahoe Redevelopment Successor Agency hereby accepts the offer to purchase the Southwest Corner Parcels (Item #A in the Approved Long Range Property Management Plan) for the appraised Fair Market Value.

Section 3. In accordance with the approved Long Range Property Management Plan and HSC Section 34177(a)(4), and following approval from the Department of Finance, all proceeds from the sale are to be used for payment of enforceable obligations on the next Recognized Obligation Payment Schedule (ROPS).

Section 4. This Board of Directors of the Oversight Board of the Successor Agency of the South Tahoe Redevelopment Agency hereby authorizes that, with approval from the Department of Finance, any and all future proceeds from the sale of assets including real property will be retained by the Successor Agency and used in accordance with Health and Safety Code 34177(e) to wind down the affairs of the Agency including retirement of debts and obligations until such time as this Oversight Board of Directors of the Successor Agency of the South Tahoe Redevelopment Agency makes a separate determination by resolution that such proceeds are no longer needed.

Section 5. The members of this Board of Directors of the Oversight Board of Directors of the Successor Agency of the South Tahoe Redevelopment Agency and its officers are hereby authorized, jointly and severally, to do such things, including the execution and delivery of written instruments, which they may deem necessary or proper to effectuate the purposes of this Resolution.

PASSED AND ADOPTED by the Oversight Board of Directors of the Successor Agency of the South Tahoe Redevelopment Agency of the South Tahoe Redevelopment Agency at a duly noticed meeting held on July 25, 2014 by the following vote:

AYES: Members _____

NOES: Members _____

ABSTAIN: Members _____

ABSENT: Members _____

ATTEST:

Ellen Palazzo, Secretary

Hal Cole, Chair