

CITY OF GARDEN GROVE

INTER-DEPARTMENT MEMORANDUM

**Oversight Board of the Successor Agency to
The Garden Grove Agency for Community Development**

To: Matthew J. Fertal From: Economic Development

Dept: Director

Subject: OVERSIGHT BOARD REVIEW Date: April 10, 2012
AND CONSIDERATION FOR
APPROVAL OF VARIOUS
OBLIGATIONS FROM THE
RECOGNIZED OBLIGATION
PAYMENT SCHEDULE

OBJECTIVE

The purpose of this report is to request that the Oversight Board review and approve various obligations from the Recognized Obligation Payment Schedule (ROPS).

BACKGROUND/DISCUSSION

As part of its responsibility pursuant to the Dissolution Act, the Oversight Board is required to consider, approve and affirm the ROPS approved by The City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development for transmittal to the California Department of Finance by April 15, 2012.

In this meeting, the following items from the ROPS will be presented to the Board for consideration and approval:

ROP PAGE 1

1. Item 2 - Loan
2. Item 3 - Loan
3. Item 4 - Loan
4. Item 16 - Fire Department Headquarters
5. Item 22 - Ambassador Business Retention Bureau Program
6. Item 23 - Gilbert Street Rebate
7. Item 24 - Loan (Buena Clinton)
8. Item 25 - Administration Fees
9. Item 28 - Tamerlane Apartments

OVERSIGHT BOARD REVIEW AND CONSIDERATION FOR APPROVAL OF VARIOUS
OBLIGATIONS FROM THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE

April 10, 2012

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ROP PAGE 2

1. Item 1-28 - Statutory Payments

ROP PAGE 3

1. Sycamore Walk Disposition and Development Agreement
2. Agency Funded Labor
3. Agency Contractual Services
4. Leases/Rents
5. Agency Operations
6. Other Expenditures
7. Interest Costs
8. Capital Outlay
9. Budget Carryovers
10. Legal Services
11. Appraisal Services
12. Sales Tax Analysis
13. Maintenance of Agency Signage
14. Civil Engineering Services
15. Use Tax Analysis
16. Agency Property Security Fencing
17. Vermin/Pest Abatement
18. Civil Engineering Services

Housing Fund Deficit

RECOMMENDATION

Staff recommends that the Oversight Board:

- Individually consider, approve, and affirm the obligations listed above and include these obligations as part of the Recognized Obligation Payment Schedule.



JIM DELLALONGA
Department Administrative Officer

Attachments

Recommended for Approval



Matthew Ferial
Director

ROPS Item 16 Page 1

Fire Department HQ
Purchase Agreement & Note
w/M. David Paul & Assoc.

Updated F

City Of Garden Grove

INTER-DEPARTMENT MEMORANDUM

Garden Grove Agency for Community Development

To:	Matthew Fertal	From:	Chet Yoshizaki
Dept:	Director	Dept:	Economic Development
Subject:	FORMER BLACK ANGUS SITE ACQUISITION	Date:	July 14, 2009

OBJECTIVE

The purpose of this report is for the Garden Grove Agency for Community Development (the "Agency") to consider a Purchase and Sale Agreement (PSA) with M. David Paul & Associates (the "Seller") for the acquisition of the 1.87 acres of real property located at 12900 Euclid Street in the City of Garden Grove, known as the former Black Angus site (the "Site"). The Site is adjacent to the south of City Hall and Fullerton Community Bank.

BACKGROUND

In 1978, Seller executed a ground lease for the construction and operation of a Stuart Anderson's Black Angus Restaurant located at 12900 Euclid Street. The restaurant operated at that location continually until the Black Angus chain of restaurants declared bankruptcy in the early 2000's. As a result of the bankruptcy, several locations were forced to close, including the Garden Grove location.

DISCUSSION

In late 2008, Seller regained control of the Site from the lessee and contacted Agency staff regarding the Site. After meeting and discussing the Site with Seller on numerous occasions, Seller tendered an offer in early 2009 to sell the Site to the Agency. Based on an independent appraisal of the Site, the offer is reasonable and the Seller is willing to sell the Site to the Agency on terms.

FINANCIAL IMPACT

Agency will purchase the Site on terms for \$2.9 million.

COMMUNITY VISION IMPLEMENTATION

- Improve the aesthetics of the community and eliminate blighting influences.

FORMER BLACK ANGUS SITE ACQUISITION

July 14, 2009

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RECOMMENDATION

Staff recommends the Agency:

- Approved the attached PSA with M. David Paul & Associates for the purchase of the 1.87-acre site located at 12900 Euclid Street in the City of Garden Grove, known as the former Black Angus.
- Authorize the Agency Director and Secretary to execute and process the required documents to effectuate the purchase.
- Authorize the Finance Director to draw a warrant in the amount of \$2.9 million from the Agency's available funds for the purchase of the Site and closing costs.


CHET YOSHIZAKI
Economic Development Director


By: JIM DELLALONGA
Project Manager



Attachment 1: Site Map

Attachment 2: Purchase and Sale Agreement

ROPS Item 1 Page 3

Sycamore Walk DDA

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

Agency for Community Development

To:	Matthew Fertal	From:	Susan Emery
Dept:	Director	Dept:	Community Development
Subject:	JOINT PUBLIC HEARING: FOURTH AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT WITH SYCAMORE WALK, LLC (THE OLSON COMPANY)	Date:	September 14, 2004

OBJECTIVE

The purpose of this report is to request that the Agency and the City Council conduct a joint public hearing to consider the Fourth Amendment to the Disposition and Development Agreement (DDA) between the Agency and Sycamore Walk, LLC (The Olson Company) for the disposition and development of a portion of Phase II of the Sycamore Walk project, an approximately 1.54 acre site located on the south side of Garden Grove Boulevard from Rockinghorse Road east to Phase I of the Sycamore Walk residential development.

BACKGROUND

On November 12, 1996, the Agency approved a Disposition and Development Agreement with The Olson Company for the development of residential units on a 5.17 acre site within the Community Center Project area encompassing the south side of Garden Grove Boulevard east to and including the former Fair Inn Motel. Under the terms of the DDA and subsequent amendments, the Developer was to construct 70 units of single-family homes, including 20 to be sold at sales prices affordable to families of moderate income. The Agency acquired and assembled the site, which the Developer was then to acquire from the Agency for \$2.575 million. The residential development was to be completed in two phases. Phase I, the construction of 48 homes, including 12 affordable units, has been completed.

Under the terms of the DDA, an environmental assessment was conducted. It indicated that some subsurface soil under the Phase II site had been contaminated by leaking underground fuel storage tanks from the ARCO station formerly located on the "Lazar parcel."

Due to the environmental contamination, Phase II development was put on hold as the Agency and Developer evaluated the extent of contamination, assessed various

remediation options, and sought financing for the remediation. In accordance with the Polanco Redevelopment Act, the Agency has developed a remedial action plan (the "RAP") to remedy or remove the contamination. The Agency has consulted with the Regional Water Quality Control Board, which has approved the RAP, including a plan to place certain monitoring wells or equipment on the Phase II property.

ANALYSIS

The remediation of the Phase II site must be completed before residential development can begin. This amendment provides for that remediation to occur, and includes the following salient provisions:

- 1) Authorizes the Developer to finance and begin implementation of the approved RAP as soon as possible. The Olson Company has agreed to finance and oversee implementation of the RAP, which is expected to take two to three years using two vapor spargers, and cost approximately \$1.6 million.
- 2) Integrates a recently approved Relocation Settlement Agreement with Los Sanchez restaurant to relocate on a portion of the Phase II site. To facilitate redevelopment of the Harbor Boulevard Resort Corridor, in June 2004 the Agency authorized execution of an agreement to relocate the restaurant to approximately 30,000 square feet of the original Phase II Sycamore Walk site.
- 3) Clarifies the terms for the Developer's purchase of the Phase II site to incorporate the above changes. The Fourth Amendment requires the Developer to pay the City the fair market value of the remaining area of Phase II (not including the Los Sanchez site), which will be re-appraised following the clean-up, less the Developer's cost for financing and overseeing the RAP implementation. The Developer would then begin residential construction as soon as possible.

FISCAL IMPACT

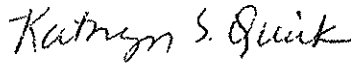
There are no out-of-pocket costs for the Agency or City associated with this amendment at this time. Agency and City Council approval of the amendment will allow implementation of the RAP to begin, employing The Olson Company's management oversight and financing. The Agency will compensate the Developer upon successful completion of the RAP by discounting these expenses from the fair market value of real property for residential development upon conveyance of the property.

RECOMMENDATIONS

Staff recommends that the City Council and Agency approve the Fourth Amendment to the DDA with Sycamore Walk, LLC and authorize the Chairman and Secretary to execute the amended DDA and all documents necessary to implement the amended DDA, and that the City Council and Agency adopt resolutions relative to the Fourth Amendment to the DDA. It is further recommended that the Agency authorize the Agency Director to execute the necessary documents.



SUSAN EMERY
Community Development Director




By: KATHY QUICK
Project Manager

Exhibits:

1. Site Map
2. Fourth Amendment to the Disposition and Development Agreement
3. Agency Resolution Approving Fourth Amendment to the DDA
4. City Council Resolution Approving Fourth Amendment to the DDA
5. Summary Report

Approved for Agenda Listing



Matthew Fertal
Director