

**The City of Garden Grove as Successor Agency to the
Garden Grove Agency for Community Development**

INTER-DEPARTMENT MEMORANDUM

To: Matthew J. Fertal From: Kingsley Okereke
Dept: Director Dept: Finance
Subject: ADOPTION OF A RESOLUTION Date: December 10, 2013
APPROVING THE REVISED LONG
RANGE PROPERTY MANAGEMENT PLAN

OBJECTIVE

The purpose of this report is to request that the City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development ("Successor Agency") adopt a resolution approving the Revised Long Range Property Management Plan pursuant to Health and Safety Code Section 34191.5.

BACKGROUND/ANALYSIS

Pursuant to Assembly Bill 1484, within six (6) months of receiving a Finding of Completion, the Successor Agency is to prepare a Long Range Property Management Plan ("Plan") that addresses the disposition and use of the former redevelopment agency's real property (Section 34191.5(b)). This plan is to be submitted to both the Oversight Board and the DOF for approval.

On November 22, 2013, staff received a letter from the DOF not approving the Plan pending correction or adjustment of certain items (Attachment 2). Staff has made the adjustments and corrections required. The revised Plan is attached. A brief summary of the DOF requested changes follows (as a result of a change on the Plan, the numbering on the new plan is slightly different):

- Items 1-7 Water Park Hotel – Indicate on the Plan that a utility easement for the property was approved by the Oversight Board and DOF that impacts these properties. The utility easement is now identified on the attached Plan.
- Items 8-20 Brookhurst Triangle – The DOF indicated that the Plan should specify the use of the proceeds from the land sale associated with this project/disposition and development agreement. Staff has shown on the plan that the proceeds will be used to pay the enforceable obligations associated with the project and that the net proceeds, in excess of enforceable obligations associated with the project, will be remitted to the County to be distributed to the taxing entities.
- Former Item 30 Site B2 Property – Because of its proximity to the Site B2 Hotel Project, this property was inadvertently included as part of the Site B2 Disposition and Development Agreement enforceable obligation. As it is not part of that agreement and it is outside of the former redevelopment project area, staff has placed it in the Property to be Sold category. It is now listed as Item No. 55.

REVISED LONG RANGE PROPERTY MANAGEMENT PLAN

December 10, 2013

Page 2

- Former Items 31-32 Education Center Parking Lot (now Items 30-31) – These items were disallowed and DOF recommended that they be moved to a permissible category. In accordance with discussions with the DOF, staff moved these items to the Government Use category due to the connection to educational uses.
- Former Item 41 Former Fandango Restaurant (now Item 40) – Although this property is in the correct category, the DOF has disallowed this item because the Agency did not indicate that it intends to enter into compensation agreements with the taxing entities. The Agency contends that pursuant to Health and Safety Code sections 34191.5(c)(2)(A) and 34191.5(c)(2)(B), the property is allowed to be transferred to the City and no compensation agreements are necessary.
- Former Items 42-46 Site C Properties (now items 41-45) - Although these properties are in the correct category, the DOF has disallowed them because the Agency has not indicated that it intends to enter into compensation agreements with the taxing entities. The Agency contends that pursuant to Health and Safety Code sections 34191.5(c)(2)(A) and 34191.5(c)(2)(B), the properties are allowed to be transferred to the City and no compensation agreements are necessary.

FINANCIAL IMPACT

Completion of the projects impacted by the properties listed in the Plan will have a significant impact on revenue generation for the City of Garden Grove and the various taxing entities. Additionally, broker and listing fees, and the costs associated with obtaining appraisals or other valuation analyses, are eligible Recognized Obligation Payment Schedule expenses and will be placed on future ROPS for approval by the DOF.

RECOMMENDATION

Staff recommends that the Successor Agency:

- Adopt the attached resolution approving the revised Long Range Property Management Plan pursuant to Section 34191.5 of the Health and Safety Code; and
- Authorize the Director to transmit the revised Long Range Property Management Plan to the Oversight Board for approval.



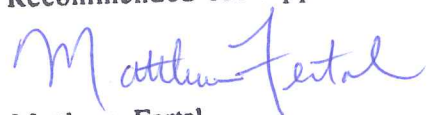
KINGSLEY OKEREKE

Finance Director



By: Jim DellaLunga
Senior Project Manager

Recommended for Approval



Matthew Ferial
Director

Attachment 1: Long Range Property Management Plan
Attachment 2: Department of Finance Letter
Attachment 3: Resolution



**DEPARTMENT OF
FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

November 22, 2013

Mr. Jim DellaLonga, Senior Project Manager
City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840

Dear Mr. DellaLonga:

Subject: Long-Range Property Management Plan

Pursuant to Health and Safety Code (HSC) section 34191.5 (b), the City of Garden Grove Successor Agency (Agency) submitted a Long-Range Property Management Plan (LRPMP) to the California Department of Finance (Finance) on May 29, 2013. Finance has completed its review of the LRPMP, which may have included obtaining clarification for various items.

HSC section 34191.5 defines the requirements of the LRPMP. Based on our review and application of the law, the Agency's LRPMP is not approved as follows:

- Property Nos. 1 and 2, Waterpark Hotel Disposition and Development Agreement (Waterpark DDA) – Finance notes the Agency failed to disclose the conveyance of an easement for these properties, located at 12721 and 12625 Harbor Boulevard, to Southern California Edison. While these properties are subject to the Waterpark DDA and that omission is clerical in nature, the Agency should update the property information when submitting the revised LRPMP.
- Property Nos. 8 through 20, Brookhurst Triangle DDA – According to the DDA, section 201; the proposed sale dates to the Developer are January 2014 and January 2016, for \$6,000,000 and \$24,400,000, respectively. However, the use of sale proceeds is not specified in the LRPMP. The Agency should specify if the proceeds from the sale of each property will be remitted to the County Auditor-Controller for distribution to affected taxing entities (ATEs), or used to fulfill enforceable obligations when submitting the revised LRPMP.
- Property No. 30, 12251 Thackery Drive, Brookhurst Triangle DDA – Finance notes this property was not identified as project property pursuant to the Brookhurst Triangle DDA. Additionally, the use of sale proceeds is not specified in the LRPMP. Therefore, the disposition of this property to fulfill an enforceable obligation is disallowed.
- Property Nos. 31 and 32, Education Center – The Agency contends these properties are subject to an enforceable obligation. However, the Education Center DDA, dated August 11, 1998, between the Agency and Development Partners, LLC (Developer) has been fulfilled; there is no outstanding obligation of the Agency pursuant to this DDA. It is our understanding the properties are subject to a long-term lease with the Developer;

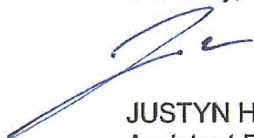
however, there is no obligation to transfer these properties to the Developer pursuant to an enforceable obligation. Therefore, the disposition of these properties to fulfill an enforceable obligation is disallowed. The Agency should specify other permissible disposition of these properties when resubmitting the revised LRPMP.

- Property No. 33, Jordan Manor Adjacent Lot – The Agency contends this property is subject to an enforceable obligation. The agreement dated January 16, 1984, between the Agency and Jordan Sr. Manor, Inc. has been fulfilled; therefore there is no obligation of the Agency pursuant to this agreement. Therefore, the disposition of these properties to fulfill an enforceable obligation is disallowed. The Agency should specify other permissible disposition of this property when resubmitting the revised LRPMP.
- Property No. 41, 12361 Chapman Avenue, Restaurant – The Agency contends this property meets the goals and objectives of the redevelopment project area plan as it addresses a physical blight in the heart of the resort district. Finance notes the property is identified in the Harbor Boulevard Corridor Project Plan and was purchased to meet the goals and objectives outlined in the Agency's Five Year Implementation Plan (Plan). However, there is no compensation agreement in place with the ATE's, nor is there a stated intent to enter into one prior to the disposition of the property. Therefore, the transfer of this property to the City for future development is disallowed. Pursuant to HSC section 34180 (f), a compensation agreement has to be reached with the ATEs prior to transfer of the property to the City.
- Property Nos. 42 through 46, Site C DDA –Finance agrees the Plan identifies these properties as a potential hotel site, and the existing DDA agrees with the projected use of the property per the Plan. The Agency desires to transfer these properties to the City for future development. However, there is no compensation agreement in place, nor is there a stated intent to enter into an agreement prior to the disposition of these properties. Therefore, the transfer of these properties to the City for future development is disallowed. Pursuant to HSC section 34180 (f), a compensation agreement has to be reached with the ATEs prior to transfer of the properties to the City.

As authorized by HSC section 34191.5 (b), Finance is not approving the LRPMP. The Dissolution Act does not allow a meet and confer for Finance's review of the LRPMP. Therefore, the Agency should revise the LRPMP to address the issues noted above and resubmit an OB approved revised LRPMP to Finance for approval.

Please direct inquiries to Nichelle Thomas, Supervisor, or Alex Watt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Matthew J. Fertal, City Manager, City of Garden Grove
Mr. Frank Davies, Property Tax Manager, Orange County
Mr. Steven Mar, Bureau Chief, Local Government Audit Bureau, California State
Controller's Office
California State Controller's Office

RESOLUTION NO. ____

A RESOLUTION OF THE CITY OF GARDEN GROVE AS THE
SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY
FOR COMMUNITY DEVELOPMENT APPROVING THE
REVISED LONG RANGE PROPERTY MANAGEMENT PLAN

WHEREAS, the Successor Agency to the Garden Grove Agency for Community Development ("Successor Agency") is acting as Successor Agency to the Garden Grove Agency for Community Development ("Former Agency") pursuant to ABx1 26; and

WHEREAS, pursuant to AB 1484, the Successor Agency is required to prepare a Long Range Property Management Plan ("Property Management Plan") for the Former Agency's real property assets; and

WHEREAS, pursuant to AB 1484, once the Successor Agency receives a Finding of Completion from the State Department of Finance ("DOF") pursuant to Health & Safety Code Section 34179.7, the Successor Agency must submit the Property Management Plan to the State Department of Finance no later than six months following the issuance to the Successor Agency of the Finding of Completion; and

WHEREAS, on May 15, 2013, pursuant to Health & Safety Code Section 34179.7, the Successor Agency received a Finding of Completion from the State Department of Finance; and

WHEREAS, on May 29, 2013, the Oversight Board to the Successor Agency to the Garden Grove Agency for Community Development ("Oversight Board") approved the Successor Agency's Property Management Plan; and

WHEREAS, on May 29, 2013, the Successor Agency transmitted the Property Management Plan to the DOF for approval; and

WHEREAS, on November __, 2013, the Successor Agency received a letter from the DOF denying approval of the Property Management Plan and requiring certain changes to the Property Management Plan and reconsideration and approval of said revised Property Management Plan by the Successor Agency and Oversight Board;

WHEREAS, the Successor Agency has made the required changes to the Property Management Plan; and

WHEREAS, by this Resolution, the Successor Agency desires to approve the revised Property Management Plan by resolution pursuant to Health & Safety Code Section 34191.5 and to authorize Successor Agency staff to transmit said Long Range Property Management Plan to the Oversight Board and DOF for approval.

NOW, THEREFORE, BE IT RESOLVED BY THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT:

Section 1. The foregoing recitals are true and correct and constitute a substantive part of this Resolution.

Section 2. The Successor Agency hereby approves the revised Property Management Plan pursuant to Health & Safety Code Section 34191.5 and authorizes Successor Agency staff to transmit said Property Management Plan to the Oversight Board and DOF for approval.

Section 3. This Resolution shall be effective immediately upon adoption.

Section 4. The Secretary to the Successor Agency shall certify to the adoption of this Resolution.