



OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA

AGENDA DATE: December 7, 2015

TO: Oversight Board Members

FROM: Successor Agency Staff

SUBJECT: Approval of Real Estate Consultant for 125 Calle Cesar Chavez;
Approval of 2013 Amendment to the Owner Participation Agreement
for the La Entrada Project

RECOMMENDATIONS: That the Oversight Board

- A. Approve the selection of Radius Group, to provide Real Estate Consultant services for the Marketing and Auction Services of 125 Calle Cesar Chavez properties and Recommend that the Successor Agency to the Redevelopment Agency of the City of Santa Barbara Execute a Professional Services Agreement with Radius Group, for Real Estate Services regarding 125 Calle Cesar Chavez; and,
- B. Adopt a resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Santa Barbara approving the Amendment to the Owner Participation Agreement dated as of April 13, 2004 by and between the City of Santa Barbara and 35 State Street Hotel LLC, as successor in interest to S.B. Beach Properties, LP.

Real Estate Consultant

On May 15, 2015, the State of California's Department of Finance ordered the Successor Agency to the Redevelopment Agency of the City of Santa Barbara to sell the property known as 125 Calle Cesar Chavez. On September 18, 2015, the Oversight Board of the Successor Agency approved the release of a Request for Proposals for real estate services.

The primary functions of the real estate professional will be four-fold: 1 - use their experience and expertise to extensively market the 4 parcels of real property through multiple channels including the multiple listing service and online resources to reach the widest audience possible; 2 – handle general inquires about the property including possible "Open House" activities; 3 – assist Successor Agency staff in determining the minimum reserve sale price based on the professional appraisal, property condition and encumbrances, current market conditions and demands; and 4 - conduct the sales

auction for sale to the highest bidder. The specific parcels and basic information about the parcels that comprise 125 Calle Cesar Chavez are set forth in the table below.

APN	Address	Lot Size (sq. ft.)	Zoning	General Plan Designation
017-113-029	125 S. Calle Cesar Chavez	22,535	M-1/SD-3*	Industrial
017-113-030	145 S. Calle Cesar Chavez	29,378	M-1/SD-3	Industrial
017-113-034	110 S. Quarantina Street	29,555	M-1/SD-3	Industrial
017-113-035	114 S. Quarantina Street	23,327	M-1/SD-3	Industrial

*= Light Manufacturing / Coastal Overlay Zone

Three proposals were received by the November 6 deadline. The proposals were evaluated on a number of criteria including, but not limited to, experience, project timeline, proposed cost, and the project work plan. All three proposals were professionally completed and represented a comprehensive cross-section of the best commercial real estate companies/brokers on the South Coast. Successor Agency staff reviewed all proposals, and after much discussion and careful consideration selected Radius Group as the best overall proposal.

With the approval of the Oversight Board, staff will forward this recommendation to the Successor Agency for final approval. The selected real estate professional will enter into a Professional Services Agreement with the Successor Agency that will include detailed project requirements and responsibilities of the real estate professional, provide a work program and timeline for completion, as well as compensation for the services. Compensation for these services is to be paid from property sales proceeds and does not impact or the Successor Agency's administrative budget.

Amendment to 2013 Ownership Participation Agreement

On April 13, 2004, the former Redevelopment Agency of the City of Santa Barbara, the City of Santa Barbara and the former owner of the La Entrada project, Santa Barbara Beach Properties, L.P. entered into an Owner Participation Agreement (OPA). The OPA defined a number of obligations that needed to be completed by all parties as part of the La Entrada project. One of the obligations of the former Redevelopment Agency was to pay for the cost of sidewalk improvements on the first 1.5 blocks of the east side of State Street at Cabrillo Boulevard. The improvements are to be constructed by the La Entrada contractor and the cost of the improvements to be reimbursed by the former Redevelopment Agency. At the time of redevelopment agency dissolution, this obligation had not been accomplished but remained a legally binding financial obligation of the Redevelopment Agency. The state Department of Finance has concurred that the OPA is a legally binding agreement and the costs attributed to the former Redevelopment Agency are enforceable obligations of the Successor Agency.

On December 10, 2013, the City and the new owner of the La Entrada project, 35 State Street Hotel LLC, approved an amendment to the original OPA in an effort to clarify a number of responsibilities regarding the project. Included in the amendment to the OPA was the clarification and specification of the financial obligation for the Lower State Street Sidewalks at a funding level of \$335,000. The 2013 Amended OPA was not brought to the Oversight Board for approved because (i) it was entered into after redevelopment agency dissolution and, (ii) neither the Redevelopment Agency nor the Successor Agency are parties to the amendment.

While the \$335,000 enforceable obligation has been listed on each ROPS approved by the Oversight Board and DOF, it has not, until now, been listed for payment. On September 18, 2015, the Oversight Board approved ROPS 15-16B which included item #20, the Lower State Street Sidewalk Improvements as listed for payment at this time.

DOF rejected this item on the ROPS as listed for payment on the grounds that (i) the Oversight Board had not approved the 2013 Amended OPA and, (ii) before the expenditure could be reimbursed, the costs must be incurred. The DOF position is, however, that the 2013 Amended OPA clearly states the financial obligation and is an acceptable form of documentation for this longtime enforceable obligation created through the 2004 OPA but that the Oversight Board must approve the 2013 Amended OPA.

ATTACHMENT: Amendment to Owner Participation Agreement dated December 10, 2013

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