



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

SUCCESSOR AGENCY AGENDA REPORT

AGENDA DATE: December 17, 2013

TO: Successor Agency Members

FROM: Successor Agency Staff

SUBJECT: Appropriation Of Unencumbered Redevelopment Agency Bond Proceeds

RECOMMENDATION: That the Successor Agency:

- A. Approve an increase in appropriations in the total amount of \$2,530,000 and an increase in estimated revenues by \$411,129 in the 2001 RDA Bond Fund for the Bath Street Pocket Park Project (\$250,000) and the Police Department 911 Call Center Project (\$2,280,000), of which \$2,118,871 will be funded from unspent 2001 bond proceeds and \$411,129 will be funded from a transfer from the 2003 RDA Bond Fund; and
- B. Approve an increase appropriations by \$11,778,155 in the 2003 RDA Bond Fund to fund the Cabrillo Bath House and Pavilion Renovation Project (\$9,117,026), the West Downtown Lighting Project - Phases II and III (\$1,300,000), the Ensemble Theater/Victoria Hall Project (\$950,000); and to partially fund the Police Department 911 Call Center Project through a transfer of \$411,129 to the 2001 RDA Bond Fund, with all \$11,778,155 to be funded from unspent 2003 bond proceeds.

DISCUSSION:

As part of the state mandated process to dissolve redevelopment agencies (RDAs), once a local successor agency receives a finding of completion from the State Department of Finance, the successor agency may utilize unencumbered proceeds derived from bonds issued prior to January 1, 2011 for purposes for which the bonds were sold and in a manner consistent with the bond covenants. The total amount of bond proceeds remaining for Santa Barbara's RDA is \$13.9 million.

On April 26, 2013, the Successor Agency to the former Redevelopment Agency of the City of Santa Barbara (Successor Agency) received its finding of completion after having complied with all of the requirements of the dissolution process.

On July 23, 2013, the Successor Agency recommended that five capital projects be funded with the remaining unencumbered Redevelopment Agency Bond proceeds and requested that they be reviewed and approved by the Oversight Board. See the attached agenda report for descriptions of each project. The recommended projects are as follows:

• Bath Street Pocket Park	\$ 250,000
• Cabrillo Bathhouse and Pavilion	9,117,026
• Police Department 911 Call Center	2,280,000
• West Downtown Lighting Phases II and III	1,300,000
• Ensemble Theatre	<u>950,000</u>
	<u>\$13,897,026</u>

Anticipated expenditures on these five projects were included on the Successor Agency's Recognized Obligation Payment Schedule for the period of January 1, 2014 through June 30, 2014 (ROPS 13-14B). ROPS 13-14B was approved by the Oversight Board on September 11, 2013 and by the Department of Finance on November 13, 2013.

The ROPS-approved 6-month expenditures include the following amounts for each project:

• Bath Street Pocket Park:	\$247,760
• The Cabrillo Bathhouse and Pavilion:	\$1,087,971
• Police Department 911 Call Center:	\$2,280,000
• West Downtown Lighting Phases II and III:	\$1,300,000

The remaining project costs will be scheduled for expenditure on future ROPS as the projects progress and the costs are incurred.

BUDGET/FINANCIAL INFORMATION:

Proceeds from the 2003 RDA Bond Fund will fund the Cabrillo Bathhouse and Pavilion Project, West Downtown Lighting Phases II and III, Ensemble Theater/Victoria Hall, and a portion (\$411,129) of the 911 Call Center Project. Proceeds from the 2001 RDA Bond Fund will fund the Bath Street Pocket Park Project and the balance (\$1,868,871) of the 911 Call Center Project.

ATTACHMENT: July 23, 2013 Successor Agency Agenda Report

SUBMITTED BY: Sue Gray, Community Development Business
Manager

APPROVED BY: City Administrator's Office



CITY OF SANTA BARBARA
SUCCESSOR AGENCY
TO THE REDEVELOPMENT AGENCY
OF THE CITY OF SANTA BARBARA
AGENDA REPORT

AGENDA DATE: July 23, 2013

TO: Successor Agency Members

FROM: City Administrators Office

SUBJECT: Proposed Capital Projects To Be Funded By Unencumbered Redevelopment Agency Bond Proceeds

RECOMMENDATION:

That the Successor Agency to the Redevelopment Agency of the City of Santa Barbara approve, for purposes of funding recommendations only, the proposed capital projects to be funded with remaining, unencumbered, Redevelopment Agency Bond proceeds and request review and approval by the Oversight Board.

BACKGROUND:

As part of the state mandated process to dissolve redevelopment agencies (RDAs), once a local successor agency receives a finding of completion from the State Department of Finance, the successor agency may utilize unencumbered proceeds derived from bonds issued prior to January 1, 2011 for purposes for which the bonds were sold and in a manner consistent with the bond covenants.

This language was added to the legislation as an incentive to encourage successor agencies to comply with the State law for the dissolution of redevelopment agencies, including the timely payment of monies made due to the State and taxing entities through Assembly Bill No. 1484.

On April 26, 2013, the Successor Agency to the former Redevelopment Agency of the City of Santa Barbara received its finding of completion after having complied with all of the requirements of the dissolution process including the transfer of all unencumbered and unobligated assets.

The RDA issued bonds in 2001 and 2003. There remain \$14,072,192 in bond proceeds unspent and unencumbered from those two issuances -- \$2,118,871 from the 2001 Bond, and \$11,953,321 from the 2003 Bond.

The successor Agency is now prepared to submit eligible capital projects to be funded with bond proceeds to the local Oversight Board for their approval. If approved by the Oversight Board, the projects would be separately listed on the next applicable Recognized Obligations Payment Schedule as projects to be funded from unencumbered bond proceeds and submitted to the State Department of Finance for approval.

PROPOSED CAPITAL PROJECTS

To determine eligible capital projects for the remaining bond proceeds, Staff has looked towards the bond covenants at the time the bonds were issued in 2001 (see Attachment 1) and 2003 (see Attachment 2), as well as the existing Redevelopment Agency Five Year Implementation Plan 2010-2014 (see Attachment 3). Projects that were underway at the time of the RDA dissolution are also a priority.

The bond covenants identified existing projects at the time the bonds were issued that were to be completed with the bond proceeds and also stated that the bond proceeds would be used to continue the redevelopment activities within the Redevelopment Project area ("CCRP"). The Redevelopment Agency's Five Year Implementation Plan more clearly outlined priority projects that were to be completed in a five year period using both bond proceeds and tax increment revenue. The full list of projects was not completed due to the dissolution of the RDA.

Staff has determined that the most eligible projects include the following:

Bath Street Pocket Park – The proposed pocket park at the corner of Bath and Ortega Streets was identified as part of the Mission Creek Flood Control Project, and includes the installation of a playground for 2-5 year old children among other amenities. The property size is 2,688 square feet. The project was included in the 2001 Bond Measure's Official Statement and the RDA Five Year Implementation Plan. Design and installation are still required. Total project cost is \$250,000.

Cabrillo Pavilion and Bathhouse Renovation – The project includes renovation of the 24,500 square foot building which was first constructed in 1926. The scope of work includes renovation of all mechanical, plumbing and electrical systems; building structure stabilization; restoration of the exterior promenade and building facade; exterior accessibility to both levels; interior elevator access; interior renovation of shower/locker facilities, gym, restrooms and kitchen facilities; and renovation of and space planning for a new multi-purpose room; and second floor restroom, kitchen and main room renovation, among other things.

The project is included in the RDA's Five Year Implementation Plan, with an expected cost of \$10,300,000.

Work had begun on the project prior to the dissolution of the Redevelopment Agency, with over \$120,000 expended on building infrastructure technical studies analyzing the facility needs, as well as a business development plan for potential appropriate community oriented uses. The 2001 and 2003 Bonds were sold in order to provide funds to continue redevelopment activities within the Redevelopment Project area. The Cabrillo Pavilion and Bathhouse are contiguous to the CCRP and are in state of severe decline which, if left unattended, will result in a condition of blight.

Staff recommends bond proceeds in the amount of \$9,117,026 towards this project. The remaining amount will need to be developed from General Fund sources or fundraising to complete the project.

Police Department 911 Call Center – The project includes the temporary relocation of the 911 dispatch center to the Granada Garage second floor office space. The City was looking to do a complete replacement of the Police Department Headquarters using \$25 million of remaining RDA money to fund a substantial portion of the cost to do so. A seismic analysis called into question the ability to keep the 911 dispatch center fully operational during an earthquake due to its location in the basement of the Police building. Until a resolution for funding a new building can be developed, it became imperative to move the 911 dispatch center to a more seismically secure temporary facility. Planning and design was initiated for such a move prior to the dissolution of the Redevelopment Agency. Over \$1.1 million had been spent on the Police Building planning and design process.

The 2001 and 2003 Bonds were sold in order to provide funds to continue redevelopment activities within the Redevelopment Project area. The Granada Garage facility is within the CCRP and bond proceeds were used to originally construct the facility. This project is included in the five year RDA implementation Plan as part of the police building renovation project. The cost of the project is \$2,280,000. This does not include the \$277,942 in General Fund monies that the City Council authorized for final design in March, 2013.

West Downtown Lighting Phases II and III – The project is for installation of streetlights in the Lower West Downtown area. Phase I has been constructed. The remaining two phases of the project only require a small amount of work for final design and then will be ready to be bid out and installed. Over \$750,000 has been spent on designing the first three phases of the project and installation of Phase I prior to the dissolution of the Redevelopment Agency. This project was included in the 2003 bond, and is included in the RDA Five Year Implementation Plan. The cost for completing design and construction is \$1,300,000.

Ensemble Theater/Victoria Hall – The Successor Agency, Oversight Board and the California Department of Finance recently approved a modification to the Ensemble Theater grant agreement to assist in the permanent purchase of the property. The revised agreement decreased the amount of the previously approved enforceable

obligation from \$1,000,000 to \$950,000. Bond proceeds were identified as the source of funds for this obligation, as the project is included in the 2003 bond, and in the RDA Five Year Implementation Plan. If Ensemble does not move forward with the use of these monies, they would be available for other eligible projects.

West Beach Pedestrian Improvement – This project is completed. However, there is an outstanding retention payment of \$175,166 being held due to a protracted lawsuit with Elevation Engineering. Depending upon the outcome of that lawsuit, this amount will either need to be paid out, or could be used for other eligible bond projects. The project is included in the 2003 Bond, and in the Five Year Implementation Plan.

Funding for these six projects total \$14,072.192.

OTHER POTENTIAL PROJECTS

Other projects available for consideration by the Successor Agency, if they are determined to be a higher priority than those outlined above, include:

Library Plaza Construction – The project is for final design and construction of a new to-be-designed Library Plaza. Design work had begun prior to the elimination of the Redevelopment Agency. The design contract was found to be an enforceable obligation by the Oversight Board, so the design firm of Campbell and Campbell will be completing the preliminary design concept in the next six months, and may incorporate ideas of joint use with the Santa Barbara Museum of Art. The funding amount would be to finalize a design and pay for construction. Other possible sources include a joint partnership with the Santa Barbara Museum of Art, and use of General Fund monies as they become available. The project is included in the RDA Five Year Implementation Plan. The total cost is approximately \$1,500,000 excluding improvements and ideas that may come out of the collaboration with the Santa Barbara Museum of Art.

Plaza De La Guerra – The project would be for the design and construction of a new Plaza De La Guerra. Some initial design work was completed prior to the elimination of the Redevelopment Agency, but no community consensus has been achieved. The total cost would be approximately \$2,500,000, although the actual amount would depend upon the final design.

Side Street Sidewalks – The project is the replacement of deteriorating sidewalks on the cross streets downtown (Haley, Cota, Ortega) from Chapala Street to Santa Barbara Street. Preliminary engineering for this project was completed prior to the dissolution of the Redevelopment Agency. The project is included in the Five Year RDA Implementation Plan. The cost is approximately \$2,025,000.

Review by Neighborhood Advisory Council

On July 10, 2013, the Neighborhood Advisory Council (NAC) reviewed the projects proposed for funding with the bond monies. The NAC concurred with the proposed projects for funding.

STAFF RECOMMENDATION

Staff recommends the following projects be forwarded to the Oversight Board for funding with the remaining bond proceeds:

- Bath Street Pocket Park
- Cabrillo Bathhouse and Pavilion
- Police Department 911 Call Center
- West Downtown Lighting Phases II and III
- Ensemble Theater/Victoria Hall
- West Beach Pedestrian Project Retention

All six projects are long standing priorities of the former Redevelopment Agency that would provide great community benefit and/or are existing obligations of the Successor Agency.

NEXT STEPS

With Successor Agency concurrence, staff will submit these projects to the Oversight Board for consideration. With Oversight Board approval, the projects would then be listed on the next applicable Recognized Obligations Payment Schedule and submitted to the State Department of Finance for approval.

BUDGET/FINANCIAL INFORMATION:

There is no current budget impact. If projects are approved, then the bond proceeds will be used to complete these capital projects. If projects are not approved, they will remain high priority capital projects but will need to be evaluated and funded as part of the City's General Fund capital program.

- ATTACHMENT(S):**
1. Excerpts of 2001 Bond Document
 2. Excerpts of 2003 Bond Document
 3. Redevelopment Agency Five Year Implementation Plan
2010 - 2014

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