



CITY OF SANTA BARBARA

JOINT COUNCIL AND SUCCESSOR AGENCY AGENDA REPORT

AGENDA DATE: December 15, 2015

TO: Mayor and Councilmembers
Chair and Board members

FROM: City Administrator's Office

SUBJECT: Successor Agency Transfer Of Property To The City And City
Acceptance Of Property And Assumption Of Obligations

RECOMMENDATIONS:

- A. That the Successor Agency adopt, by reading of title only, A Resolution of the Successor Agency to the Redevelopment Agency of the City of Santa Barbara Transferring All Right, Title and Interest to the Real Property Described Herein, Subject to Certain Existing Leasehold Interests, Agreements, and Other Encumbrances on the Multiple Parcels of Real Property, Which Are Together Most Commonly Known as "Paseo Nuevo Retail Center," Owned by the Successor Agency to the Former Redevelopment Agency of the City of Santa Barbara, and Authorizing the Executive Director to Execute Such Agreements and Related Documents as Necessary to Effectuate the Transfer of Real Property Interests to the City of Santa Barbara;
- B. That Council introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Accepting All Right, Title and Interest to the Real Property Described Herein, Subject to Certain Existing Leasehold Interests, Agreements, and Other Encumbrances on the Multiple Parcels of Real Property, Which Are Together Most Commonly Known as "Paseo Nuevo Retail Center," Owned by the Successor Agency to the Former Redevelopment Agency of the City of Santa Barbara, and Authorizing the City Administrator to Execute Such Agreements and Related Documents as Necessary to Effectuate the Transfer of Real Property Interests to the City of Santa Barbara;
- C. That the Successor Agency adopt, by reading of title only, A Resolution of the Successor Agency to the Redevelopment Agency of the City of Santa Barbara Transferring For Public Transportation, Public Parking, and All Related Purposes All Right, Title and Interest to the "Governmental Purpose" Real Property Described Herein, Which Are Together Most Commonly Known As "Santa Barbara Railroad Depot," Owned by the Successor Agency to the Former Redevelopment Agency of the City of Santa Barbara, and Authorizing the Executive Director to Execute Such

- Agreements and Related Documents as Necessary to Effectuate Such Transfers of Real Property Interests to the City of Santa Barbara; and,
- D. That Council introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Accepting and Assuming For Public Transportation, Public Parking, and All Related Purposes All Right, Title and Interest to the “Governmental Purpose” Real Property Described Herein, Which Are Together Most Commonly Known As “Santa Barbara Railroad Depot,” Owned by the Successor Agency to the Former Redevelopment Agency of the City of Santa Barbara, and Authorizing the City Administrator to Execute Such Agreements and Related Documents as Necessary to Effectuate Such Transfer of Real Property Interests to the City of Santa Barbara.

DISCUSSION:

On May 15, 2015, the California State Department of Finance (DOF) approved the Successor Agency’s Long Range Property Management Plan for all remaining properties owned by the former Redevelopment Agency. The Plan was originally submitted to the DOF on September 20, 2013 and amended several times before final approval in May. The properties that are to be transferred to the City include those listed in the Railroad Depot Regional Transportation Center and Paseo Nuevo Long Range Property Management Plans (LRPMP). The specific parcels can also be found in the table below:

Property Description	County Assessor Parcel Numbers	Acres
Railroad Depot Regional Transportation Center	033-010-011, 033-010-012, 033-010-013, 033-010-014, 033-010-015, 033-041-012, 033-041-013, 033-042-001, 033-042-002, 033-042-003, 033-042-004, 033-042-012, 033-042-014, 033-042-015, 033-042-016, 033-042-017, 033-042-019, 033-075-012, 033-075-014	5.39
Paseo Nuevo	037-400-001, 037-400-002, 037-400-003, 037-400-004, 037-400-005, 037-400-006, 037-400-019	6.29
Total		11.68

Paseo Nuevo:

The properties were assembled by the former Redevelopment Agency (Agency) between 1987 and 1989 through a combination of transfer from the City of Santa Barbara, sale from private parties and condemnation. For the most part, the land was assembled from property owned by the City of Santa Barbara (City surface parking Lot No. 1 and the City’s De La Guerra Street) and from land acquired from private property owners along the eastside of the 700 and 800 blocks of State Street.

The real property was expressly acquired for the purposes of redevelopment in the form of an urban, open-air retail shopping center within the City's central business district in an effort to make the downtown the cultural, social, and historical center of the South Coast.

The real property, formerly owned by the Redevelopment Agency and transferred by operation of law to the Successor Agency and held in the Community Redevelopment Trust Fund, pending transfer, is encumbered with three (3) seventy-five (75) year ground leases, each with terms that began on January 1, 1990 and will end on December 31, 2065. Also included in the real property Parking Lot No. 1 (572 parking spaces) with the related reciprocal operating agreements and contractual covenants with a concurrent 75-year lease term. Additionally, the Agency and City are obligated (and the City will expressly assume the full obligation) through the Paseo Nuevo Parking Agreement to provide 1,115 public parking spaces within a two block radius of the Paseo Nuevo Mall until the year 2065. The parking obligation is satisfied through the provision of 1,115 public parking spaces in City Parking Structures Nos. 2 and 10. As required in the Paseo Nuevo Lots 2 and 10 Parking Agreements, the parking spaces must be provided on a non-preferential basis at subsidized parking rates.

There are additional financial obligations that come along with the properties. If the transfer is approved, the City of Santa Barbara, as owner of the leased fee interest, is required to pay that portion of Paseo Nuevo's annual Parking and Business Improvement Area fee that exceeds \$100,000. The average amount of the obligation is approximately \$77,000 per year. Payment of this amount has, however, been offset by the benefits received by the City in the operation of Parking Structures Nos. 2 and 10. As required by the Cooperation Agreement, and as set forth in the Annual Parking Operations Agreement, the City is responsible for the operation, maintenance and replacement of Parking Structures Nos. 2 and 10 and those Structures must, in accordance with the Paseo Nuevo Agreements, be available to provide 1,115 parking spaces for public use at subsidized rates. In return for operation of the two parking structures, the City receives revenue generated by parking rates and, it was contemplated, ultimate ownership of the parking structures.

At the time that the Leases and other obligations set forth in the various agreements end, the City must determine the disposition of the property. If the property is sold, the City must enter into a compensation agreement with the various taxing entities and the proceeds from a sale would be distributed accordingly.

Railroad Depot Regional Transportation Center:

The nineteen (19) parcels comprising the Railroad Depot Regional Transportation Center were acquired by the Redevelopment Agency to restore the historic Southern Pacific Railroad Depot originally constructed by Southern Pacific Railroad in 1905 and to create and establish a regional, multi-modal public transportation center in the City of Santa Barbara for residents and visitors alike.

Restoration of the Railroad Depot Regional Transportation Center was a joint effort undertaken by the Redevelopment Agency and the California Department of Transportation, which was initiated in 1993 and completed in 1999. The project included a complete restoration of the historic railroad depot and its surroundings. As of August 2, 2006, the main building is listed on the National Register of Historic Places.

There are currently two leases at the site. Amtrak is currently on a month-to-month lease pending transfer of the properties to the City of Santa Barbara at which time a new long-term lease will be negotiated. Greyhound is currently in year four of a ten (10) year initial term with two (2) five-year options available. The combined annual revenue for these two leases is approximately \$48,000.

In addition to the aforementioned rents received from Amtrak and Greyhound, as well as revenues generated by parking fees from the public parking lots, the Railroad Depot Regional Transportation Center also generates income by way of Parking Business Improvement Area Funds (PBIA Funds). The total parking revenue generated in Fiscal Year 2012 was \$86,502 and the total PBIA Funds collected were \$15,000. The total annual operating expenses incurred for the parking lot was \$151,684 in Fiscal Year 2012. The annual operating deficit from the parking lot's operation was \$50,182 in Fiscal Year 2012.

CEQA Information:

Pursuant to Section 15061(b)(3) of the State California Environmental Quality Act ("CEQA") Guidelines, the transfer of real property is exempt from environmental review under CEQA because it can be seen with certainty that there is no possibility that the transfer may have a significant effect on the environment; and pursuant to Section 15301 of the State CEQA Guidelines, the transfer of real property is exempt from environmental review under CEQA because the transfer will result in a continuation of existing facilities involving no expansion of use, and any future development for the real property will require separate environmental review.

After transfer of the Paseo Nuevo and Railroad Depot properties to the City, the two properties remaining in the Successor Agency's ownership will be the two parcels on Bath Street and the four Calle Cesar Chavez parcels. The Bath Street parcels will be transferred to the City once the City and the taxing entities agree to the terms of a compensation agreement and, in accordance with the Long Range Property Management Plan, the Calle Cesar Chavez parcels will be sold at auction.

PREPARED BY: Brian J. Bosse, Waterfront Business Manager

SUBMITTED BY: Paul Casey, City Administrator

APPROVED BY: City Administrator's Office



WATERFRONT DEPARTMENT

PROPERTY TRANSFER

City Council Meeting December 15, 2015



Background:

- January 22, 2013: State Department of Finance (DOF) approved transfer of all parking lots and structures back to City
- Other properties were subject to the Long Range Property Management Plan Process (LRPMP)
- LRPMPs provided property details as well as Successor Agency's proposed plan for property
- LRPMPs were submitted to DOF in September 2013



Background: continued

- LRPMPs were approved by State DOF on May 15, 2015
- 3 properties were approved to be transferred to the City
- The fourth property is required to be sold
- Today's consideration by the Successor Agency and City Council is to approve the transfer of the Paseo Nuevo and Railroad Depot properties to the City



Background: continued

- Final property to be transferred is the Bath/Ortega Park property requires a more cumbersome process and will be back before the Successor Agency/City Council in the next few months
- Calle Cesar Chavez Property is to be sold

Paseo Nuevo





Paseo Nuevo Properties:

- Assembled between 1987 and 1989
- Acquired for purpose of creating urban, open-air, retail shopping center
- Economic, social, and entertainment center of South Coast
- Encumbered with three, 75-year ground leases (1/1/1990 to 12/31/2065)



Paseo Nuevo Properties: cont'd.

- Obligations:
 - Must provide 1,115 parking spaces during 75-year term (Lots 2 and 10)
 - Must pay portion of PBIA Fee – everything above \$100,000 (avg. \$77k)
 - PBIA fee offset by revenues from Lots 2 and 10
- When obligations end City must determine what to do with property
- If sold, City must enter into a compensation agreement



Railroad Depot





Railroad Depot

- Assembled between 1993 and 1997
- Acquired to restore the historic 1905 Southern Pacific Railroad Depot
- Restoration was a joint effort between the RDA and the California Department of Transportation (Caltrans)
- Completed in 1999
- National Register of Historic Places 2006



Railroad Depot: continued

- Encumbered with two leases:
 - Amtrak: month-to-month, \$0/month
 - Greyhound: 10-Year with two 5-year options, \$4,000/month
- Annual operating expenses \$151,600 vs Revenues of \$101,500 and Lease of \$48k



Proposed Actions will:

- Transfer ownership of Paseo Nuevo and Railroad Depot from the Successor Agency to the City of Santa Barbara