



**CITY OF SANTA BARBARA
JOINT CITY COUNCIL/SUCCESSOR AGENCY
TO THE CITY OF SANTA BARBARA
REDEVELOPMENT AGENCY
AGENDA REPORT**

AGENDA DATE: August 6, 2013

TO: Chairperson and Members of the Successor Agency

FROM: Community Development Department

SUBJECT: Successor Agency Proposed Transfer Of Property To The City, City Acceptance Of Property And Approval Of Agreements Providing For The Lease And Development Of A Children's Museum At 125 State Street

RECOMMENDATIONS:

- A. That the Successor Agency to the Redevelopment Agency of the City of Santa Barbara adopt, by reading of title only, a Resolution of the Successor Agency to the Redevelopment Agency of the City of Santa Barbara, in Accordance with the Long Range Property Management Plan, to Transfer the Parcels Designated for the Children's Museum of Santa Barbara Owned by the Former Redevelopment Agency to the City of Santa Barbara;
- B. That Council adopt, by reading of title only, a Resolution of the Council of the City of Santa Barbara, in Accordance with the Long Range Property Management Plan, to Accept and Assume all Right, Title and Interest to the Real Property Described Herein Owned by the Successor Agency to the Former Redevelopment Agency of the City of Santa Barbara and Authorize 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;
- C. That City Council approve and authorize the City Administrator to execute, subject to approval as to form by the City Attorney, a License Agreement with the Santa Barbara Children's Museum for construction of a Children's Museum on property located at 125 State Street; and
- D. That City Council introduce, and subsequently, adopt by reading of title only, an Ordinance of the Council of the City of Santa Barbara Approving and Authorizing the City Administrator to Execute a 50-Year Ground Lease with Santa Barbara Children's Museum on City-owned Property Located at 125 State Street.

BACKGROUND:

As part of the State mandated process to dissolve the Redevelopment Agency (RDA), on June 6, 2013, the Oversight Board approved a Long Range Property Management Plan for the real property owned by the former Redevelopment Agency and forwarded the Plan to the State Department of Finance for approval. The Plan included four sets of properties -- the Railroad Depot (including four parcels designated for the Children's Museum site), Bath Street, and Calle Cesar Chavez.

On July 15, 2013, the State issued a letter approving the Long Range Property Management Plan (LRPMP) for the Children's Museum Parcels only (Attachment). The remaining parcels will be considered by the Department of Finance once the Oversight Board acts on the parcels that make up the former RDA's interest in Paseo Nuevo.

Having been approved by the Department of Finance, the Plan for the four parcels designated for the Children's Museum now governs the subsequent use and disposition of the property. The Plan determines that the property should be transferred to the City of Santa Barbara and subsequently leased to the Children's Museum of Santa Barbara for development of the Museum in accordance with the approved development plan.

With approval for the transfer of the properties for the Children's Museum, the City is prepared to finalize the transfer of the property and enter into a license agreement for construction and a long term ground lease for operation of the Children's Museum.

DISCUSSION:

The Children's Museum is proposed as a three-story, 16,691 net square foot building and was approved by the Planning Commission on October 6, 2011. As part of this approval, modifications were granted for front setbacks and parking. On October 25, 2011, the City Council granted the project a Final Community Priority Designation for 5,106 square feet of non-residential floor area. On April 11, 2012, the project received Project Design and Final Approval from the Historic Landmarks Commission, followed by final approval of landscaping and architectural details on April 25, 2012 and May 23, 2012, respectively. The only remaining step is plan check for building permits in order to move forward with construction.

Santa Barbara Children's Museum License and Lease:

The transaction has been structured such that for a period not to exceed three years after conveyance of the property to the City, the Museum will be required to undertake and complete construction of the Museum facility in accordance with the approved development project. If construction is not completed during that time, subject to possible extensions of time by the City, the License will terminate and the Children's Museum will be required to relinquish possession of the property.

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After completion of construction as evidenced by issuance of a certificate of occupancy by the City's Building Inspector, the 50 year ground lease will commence. During the 50 year lease period, while no rent is paid to the City, the Museum will be required to operate the Museum subject to specific standards contained in the Lease.

A violation of the terms of the Lease will result in termination of the Lease and relinquishment of the land and buildings to the City.

ATTACHMENT: State Department of Finance Letter dated July 15, 2013

PREPARED BY: Brian J. Bosse, Waterfront Business Manager

SUBMITTED BY: Paul Casey, Assistant City Manager

APPROVED BY: City Administrator's Office



July 15, 2013

Mr. Brian J. Bosse, Waterfront Business Manager
City of Santa Barbara
132 Harbor Way A
Santa Barbara, CA 93109

Dear Mr. Bosse:

Subject: Long Range Property Management Plan

Pursuant to Health and Safety Code (HSC) section 34191.5 (b), the City of Santa Barbara Successor Agency (Agency) submitted a Long Range Property Management Plan (LRPMP) specific to four Railroad Depot Regional Transportation Center parcels designated for the Children's Museum to the California Department of Finance (Finance) on June 20, 2013. Finance has completed its review of this LRPMP, which was approved by the Oversight Board (OB) through OB Resolution No. 014.

The Agency received a Finding of Completion on April 26, 2013. Further, based on our review and application of the law, the LRPMP submitted and specifically related to the four Railroad Depot Regional Transportation Center parcels designated for the Children's Museum is approved. The LRPMP approved through OB Resolution No. 014 contains all the elements required by HSC section 34191.5 (c). It is our understanding the Agency intends to transfer the four parcels to the City, who will in turn construct and operate the Children's Museum of Santa Barbara, which is a government use.

In accordance with HSC section 34191.4, upon receiving a Finding of Completion from Finance and approval of a LRPMP, all real property and interests in real property shall be transferred to the Community Redevelopment Property Trust Fund of the Agency, unless that property is subject to the requirements of an existing enforceable obligation. Pursuant to HSC section 34191.3 the approved LRPMP shall govern, and supersede all other provisions relating to, the disposition and use of all the real property assets of the former redevelopment agency.

Agency actions taken pursuant to a Finance approved LRPMP are subject to oversight board (OB) approval per HSC section 34181 (f). Any subsequent OB actions addressing the Agency's implementation of the approved LRPMP should be submitted to Finance for approval.

Please direct inquiries to Wendy Griffe, Supervisor, or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,

STEVE SZALAY

Local Government Consultant

cc: Mr. Marck Aguilar, Redevelopment Supervisor, City of Santa Barbara
Mr. Robert W. Geis, CPA, Auditor-Controller, Santa Barbara County
Mr. Ed Price, Division Chief Property Tax Division, Santa Barbara County
Mr. Steven Mar, Bureau Chief, Local Government Audit Bureau, State Controller's Office
California State Controller's Office

Santa Barbara Children's Museum – 125 State Street



Transfer of Property and Approval of Agreement for Development and 50 Year Ground Lease



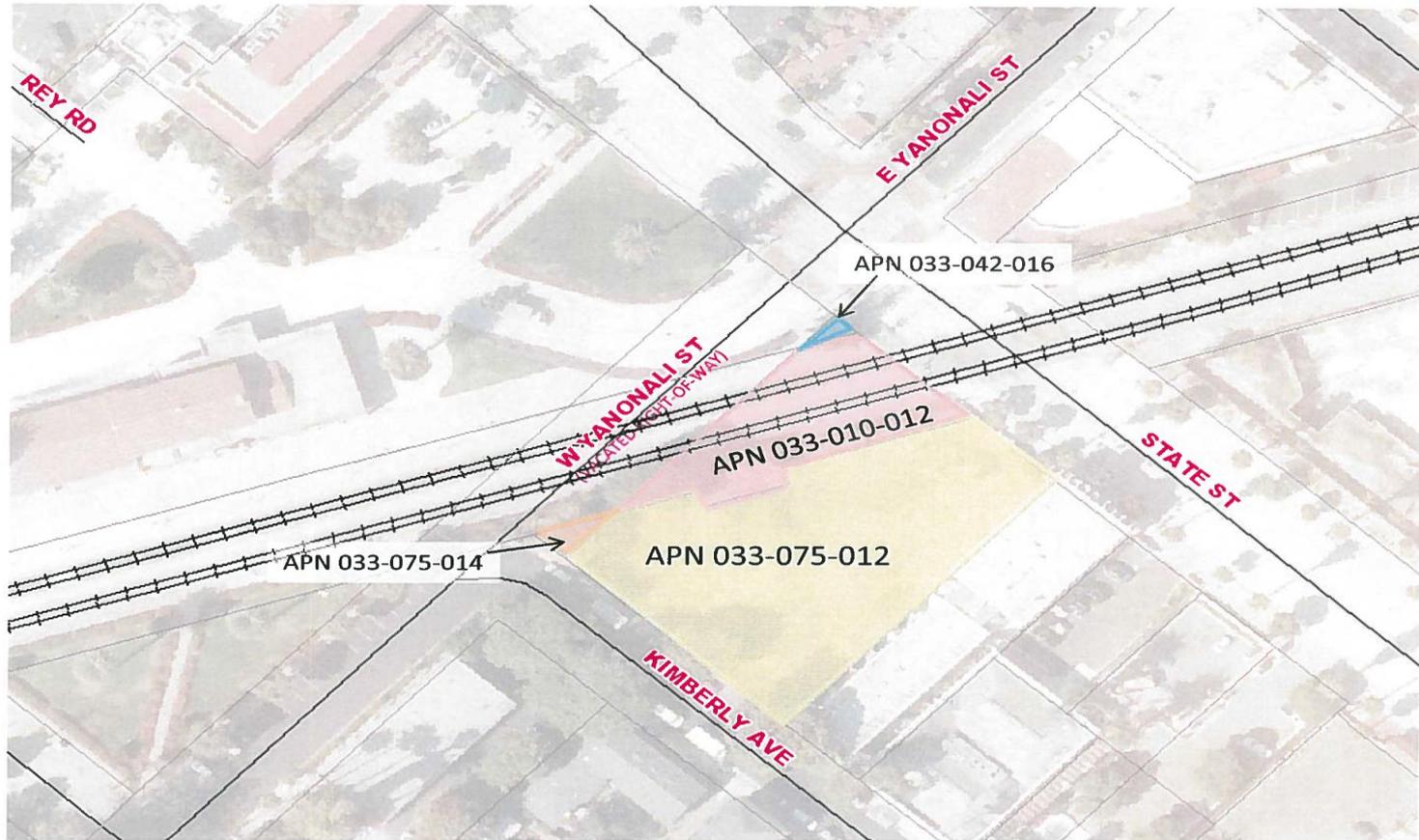
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Overview

- ◆ State Approved Long Range Property Management Plan for Children's Museum Parcels
- ◆ Oversight Board and State Department of Finance have approved formal transfer of these Four Parcels to City
- ◆ Appropriate to now enter into License Agreement and 50 Year Ground Lease

Children's Museum



MAP OF SUBJECT PARCELS
(Designated for Use by the Children's Museum of Santa Barbara)



Children's Museum



Children's Museum



The background of the slide features a blue-tinted image. On the left, a cyclist is riding a road bike. In the center and right, the Santa Barbara Mission is visible, with its iconic twin towers and arched walkways. The text 'MIS ON' is partially visible on a sign in the upper left, and 'LOPEZ' is visible on a building facade on the right.

License and Lease Summary

- ◆ License Agreement Requires Construction Completion in Three Years
- ◆ Ground Lease Provisions:
 - 50 Year Term
 - No Rent
 - Operating Requirements as a Children's Museum
 - City Receives Annual Reports on Operation



Next Steps

- ◆ Action Today by City on Property Transfer, License Agreement, and Introduction of Lease
- ◆ All Planning and Design Approvals in Place
- ◆ Final Design and Submittal for Plan Check by Museum



Recommendation

- ◆ Transfer the Parcels to the City of Santa Barbara from the Successor Agency
- ◆ City of Santa Barbara Accept and Assume all Right, Title and Interest in Parcels
- ◆ Execute a License Agreement for Construction of Children's Museum
- ◆ Execute a 50-Year Ground Lease with SB Children's Museum