



MINUTES SPECIAL MEETING

OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE CITY OF SOUTH SAN FRANCISCO REDEVELOPMENT AGENCY

P.O. Box 711 (City Hall, 400 Grand Avenue)
South San Francisco, California 94083

CITY HALL
LARGE CONFERENCE ROOM, TOP FLOOR
400 GRAND AVENUE

WEDNESDAY, OCTOBER 30, 2013
2:00 P.M.

CALL TO ORDER

Time: 2:03 p.m.

ROLL CALL

Present: Boardmembers Addiego, Beaudin, Christensen,
Farrales*, Alternate Vice Chair Alejandro
Hogan and Chairperson Cullen.

Absent: Boardmember Scannell.

*Boardmember Farrales arrived at 2:08 p.m.

PLEDGE OF ALLEGIANCE

AGENDA REVIEW

None.

PUBLIC COMMENTS

None.

MATTERS FOR CONSIDERATION

1. Motion to approve the Minutes of the Regular Meeting of September 17, 2013.

Chairperson Cullen proposed revisions to the minutes which were presented to the Board in redlined format.

Motion- Boardmember Beaudin/Second-Alternate Vice Chair Hogan: to approve the Minutes of the Regular Meeting of September 17, 2013 as amended. Approved by the following voice vote: AYES: Boardmembers Beaudin, Christensen, Farrales, Alternate Vice Chair Hogan and Chair Cullen; NOES: None; ABSTAIN: Boardmember Addiego; ABSENT: Boardmember Scannell.

2. Resolution No. 21-2013 Directing the Finance Director or City Manager to Transfer \$1.85 million from the 2006 RDA Bond Escrow Account to the 2006 Bond Debt Service Account and Making Related Findings Pursuant to Health and Safety Code Section 34181(E).

Motion- Boardmember Addiego/Second-Boardmember Christensen: to approve Resolution No. 21-2013. Approved by the following voice vote: AYES: Boardmembers Addiego, Beaudin, Christensen, Farrales, Alternate Vice Chair Hogan and Chair Cullen; NOES: None; ABSTAIN: None; ABSENT: Boardmember Scannell.

3. Preliminary discussion of the draft Long Range Property Management Plan.

Housing Consultant Sanchez presented the informational staff report requiring no Board action and reviewing the draft Long Range Property Management Plan which would be submitted to the State Department of Finance (“DOF”) by November 24th, 2013. At the time of the Redevelopment Agency’s dissolution, the Agency owned 32 non-housing parcels of real property. The properties are located within the boundaries of the Gateway, El Camino Corridor and Downtown-Central Project Areas. There were 8 elements required for each property: acquisition information; purpose of acquisition; parcel data; estimate of current value; revenues generated by property/contractual requirements; environmental contamination and remediation; potential for transit oriented development and advancement of planning objectives; history of development proposals and activity. The Redevelopment Dissolution Statute also dictated that properties should be categorized for disposition in one of the following ways: use property to fulfill enforceable obligation; retention of property for a governmental use; retention of property for future development; or sale of property. Under the draft LRPMP presented, the Successor Agency had not categorized any properties under the Fulfillment of Enforceable Obligations category and so designated all properties into the remaining 3 categories.

In regards to the property at 80 Chestnut Avenue, it was the RDA’s purpose to acquire additional property adjacent to Orange Park so that they could expand the park. They believed that the Calwater site would fit into this plan since it was only used for water wells. Consultant Sanchez explained that they had been working with Calwater for years and they eventually decided to break up the parcel and sell it to the city as they finished using each piece of the property. The first one that was finished off was a building that housed one of their offices and so the city acquired this first. They then decided to make it a public use building which now houses a museum run by the South San Francisco Historical Society. Since it was zoned as Public/Quasi-Public, in the event of its sale to a private entity it would have to be leased back to a public agency.

In response to an inquiry by Chair Cullen, Consultant Sanchez stated that Calwater had indicated that they were closer to releasing other parcels but cautioned that this was a long process since they would have to find alternate wells and go through the Public Utilities Commission. Thus, although the city had been pressuring Calwater to expedite the process so that the Orange Memorial Park Master Plan could be implemented, there was no timeline available. The dissolution of the RDA had effectively eliminated the option of locating alternate wells and trading land with them.

Boardmember Christensen raised the possibility of deed restrictions for the property to be used for parks or public purposes and Assistant City Manager Van Duyn explained that they could easily place such a deed restriction on the property.

In response to a query by Chair Cullen, Consultant Sanchez explained that the property at 480 North Canal which housed the Fire Department Administration, Fire Station 61, the Emergency Operations Center (EOC) and Fire Training Tower, was not contributing rent to the Successor Agency due to AB26 which outlined that properties that were going to be under public use, including fire stations, would be able to be transferred to cities to be used.

Interim General Counsel for the Successor Agency of the City of South San Francisco Robin Donoghue clarified that the statute stated that when the government building was originally developed if there was an agreement for rent or revenue then it would be disposed of in accordance with that existing agreement but there was no provision for revenue in absence of such an agreement. She presumed that this was done under Section 33445 which was typically used by cities to contribute RDA funds to publicly owned improvements without any recompense in the form of rent.

Consultant Sanchez further added that the city's central fire station which was located on Baden Avenue could not be seismically retrofitted and when this building became available it made perfect sense to move the station there.

In response to the presentation on the property located on 296 Airport Boulevard which was acquired to relocate the Caltrain station, Chair Cullen inquired on the status of the station relocation given the current plans for the high speed rail.

Assistant City Manager Van Duyn noted that the proposed high speed rail had delayed plans for the Caltrain station relocation. In response to a request by Chair Cullen to be provided with a tunnel rendering, Assistant City Manager Van Duyn indicated that that would be possible since the plans were in excess of 90 percent complete. He also alleviated Chair Cullen's concerns on safety that were prompted by an attack on a woman in a tunnel in San Mateo, by stating that this tunnel would be well-lit and one would be able to see from one side of the tunnel to the other.

In reference to the property located at 472 Grand Avenue containing a three story medical facility building occupied by the San Mateo County Health Center and the Sitike Counseling Center, Boardmember Christensen asked what would happen if the county did not want the property. Consultant Sanchez stated that in that case it would revert back to the city for public use.

Assistant City Manager Van Duyn further clarified that the city's intent would be to keep it in its current use as a health clinic.

Boardmember Christensen suggested that if the property were to revert back to the city, then another option would be sell it and proceeded to inquire on its development potential.

Assistant City Manager advised that the property had some market potential for office use but would need to be rehabilitated. He further stated that the Board could set up the deed restrictions in any way they wished.

Boardmember Farrales acknowledged that there was a need for healthcare services there but the building's condition was a problem. They would need to take a look at any available capital contributions for needed improvements or the potential to build something else that would continue to serve the community.

Boardmember Addiego was concerned with the possibility of 25 year deed restrictions since in the future this might not be the optimal place for health services but could instead become an office building. He questioned whether they should be placing deed restrictions on parcels by considering their current use and suggested that they could insert language that would enable them to transfer the value to another site and possibly change the use to an office building.

Assistant City Manager Van Duyn assured Boardmember Addiego that they could include this option in the language in order to retain the value through the transfer. Ultimately, as long as it remained under governmental use, the ownership issues could be worked out. In response to an inquiry by Boardmember Christensen, Assistant City Manager Van Duyn explained that although the 3 properties- 472 Grand Avenue, 306 Spruce Avenue and 468 Miller Avenue- were linked for acquisition purposes, they could still be sold separately.

In terms of the property at 1 Chestnut Avenue, Boardmember Christensen asked if they anticipated selling the assembled property to one developer. Consultant Sanchez confirmed that this was their hope and that they have already had varying degrees of interest from developers.

In response to Chair Cullen's inquiry into whether the city would be leading marketing efforts or waiting for developers to show interest, Consultant Sanchez stated that it was the former, they wanted to be proactive since the market was currently in an upswing.

Assistant City Manager Van Duyn further explained that their intent when they assembled the property was to bring in a master developer and that they had envisioned a combination of land uses but residential use was very marketable at the moment. The city's plan was to make sure that they would be able to deliver on everything they had promised the community and they had gone through a fairly contentious re-zoning process to achieve this. The idea was to bring in a master developer and reach an agreement that would enable the developer to make a profit but also enable the city to realize the mixed-use development that they had wished for. However, they could not enter into an Exclusive Negotiation Rights Agreement (ENRA) since they did not have the authority under AB26. Thus, they could not get a developer to spend time, money and energy researching options since they would require exclusivity so that their investment could pay off. Once the Board and DOF approved this plan, they could then enter into an ENRA with a developer.

Responding to Boardmember Christensen's query on whether the property had to be transferred to

the city and who would receive the sale funds, SA Counsel Donoghue stated that the funds could go to the taxing entities but the property would have to be deeded to the city for development to occur.

Consultant Sanchez explained that one of the reasons it made more sense for the city to do it rather than the Successor Agency, was that the City Council as the owner and regulatory body would be able to expedite the process in contrast to the cumbersome process with the DOF that would be faced by the Successor Agency. Another reason would be the fact that infrastructure would need to be developed to make the 2 properties more accessible. The city's objective would not be to make a profit but to actually develop a neighborhood.

In response to Boardmember Christensen's inquiry into the possible timeline for this project, Assistant City Manager Van Duyn stated that in terms of residential development they had immediate interest; as long as the market remained steady and they had the ability to enter into an ENRA, then they could proceed immediately. If, however, there were any complications, delays or shifts in the market, then it could be longer.

In response to questions by the Board regarding the immediate sale potential, Consultant Sanchez explained that in the long term it would be better to develop the site since that would benefit the taxing entities through an increased tax increment, while also fulfilling the city's need for transit-oriented development.

Assistant City Manager Van Duyn cautioned the Board that in the event of the sale of the more valuable portion of the site, the other portion would remain undeveloped.

Consultant Sanchez advised that in regards to downtown development, the residential market was untested and so developers have been more hesitant since rents would be higher in other surrounding cities that have more proven downtown markets. Thus market risk and the viability of the projects would affect development in the area. He also shared the challenge faced by the constant changes in the DOF's position.

Responding to Chair Cullen's question in regards to the property at 200 Linden Avenue which is occupied by the city's IT department, Consultant Sanchez noted that the city was not paying rent because it was under public use but when the time came they could relocate in order to follow the LRPMP guidelines.

In response to Chair Cullen's inquiry into the timing of the downtown area plan, City Planner Kalkin stated that the public draft would be out by the end of 2013.

Boardmember Beaudin added that according to the Metropolitan Transportation Commission (MTC) grant requirements, the plan would need to be adopted by mid 2014.

Consultant Sanchez stated that in regards to the property at 216 Miller Avenue, there was no need for the city to get involved and so the Successor Agency would sell this property.

Counsel Labadie advised that they did not necessarily need to declare it a surplus property. The Successor Agency would market it, enter into a purchase sale agreement and transfer it to the buyer.

In response to Assistant City Manager Van Duyn's inquiry into whether they had to go through the surplus property process or sell it as if it were a redevelopment property, SA Counsel Donoghue confirmed that they did not have to go through the surplus property process since there was an exemption in this case.

Consultant Sanchez responded to Chair Cullen's inquiry into the process undertaken for the sale of properties by stating that once the LRPMP was submitted to the DOF, if they had an offer on a property they could submit it for DOF approval.

Boardmember Farrales added that the City of Menlo Park was able to do that with an \$8 million property.

Counsel Labadie stated that the process was made easier by the fact that the offer was two and a half times over the appraised value and the property was adjacent to Facebook. The purchase and sale agreement could be entered into as soon as the DOF approved the LRPMP.

In response to Chair Cullen's point of clarification regarding the plan's process, Counsel Labadie explained that properties to be sold immediately would require the Board's approval whereas properties transferred to the city would be out of the Board's jurisdiction once the transfer was complete. The governmental use properties would be transferred to the city; assuming the DOF's approval, the properties for immediate sale would require Board approval; and the Board would have an opportunity to approve any attached conditions for the properties slated for future development.

Assistant City Manager Van Duyn explained that they could insert compensation agreements into the plan at this stage so that if the property transaction was not completed within a given timeframe then there would be a plan in place for revenue sharing. They could also insert reversion clauses which would not be a deed restriction but rather an agreement entered into as part of the LRPMP that would outline the obligations of the Successor Agency, the city and the Oversight Board, which would hopefully be endorsed by the DOF. However, there would be deed restrictions for the properties under governmental use in order to maintain their use.

Assistant City Manager suggested that with the Board's agreement staff would modify the LRPMP in accordance with the above discussion.

Considering that the LRPMP submittal deadline would be on November 24th, the Board tentatively scheduled a Special Oversight Board Meeting for November 12th, 2013.

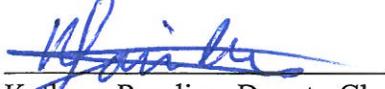
4. Future Agenda Items.
 - a) Consideration of revenue sharing agreement related to assignment of the Master Commercial Lease at 636 El Camino Real.

ADJOURNMENT

Motion- Boardmember Christensen /Second-Boardmember Addiego: to adjourn the meeting. Approved by the following voice vote: AYES: Boardmembers Addiego, Beaudin, Christensen, Farrales, Alternate Vice Chair Hogan and Chair Cullen; NOES: None; ABSTAIN: None; ABSENT: Boardmember Scannell.

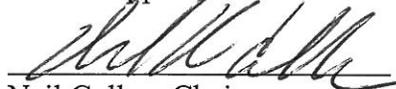
Pursuant to the above motion, Chairperson Cullen adjourned the meeting at 4:20 p.m.

Submitted:



Kathryn Reodica, Deputy Clerk
Oversight Board for the Successor
Agency to the South San Francisco
Redevelopment Agency

Approved:



Neil Cullen, Chairperson
Oversight Board for the Successor
Agency to the South San Francisco
Redevelopment Agency