



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: 24-687

October 22, 2024

Introduced: 10/11/2024

Current Status: Agenda Ready

Version: 2

Matter Type: General Agenda Item

- a. Approve the sale of two parcels located at 183 Soledad Street, Soledad California (APNs 022-026-001 and 022-026-002) (“the parcels”) to the Soledad Unified School District by the City of Soledad and the City of Soledad Successor Agency to the Soledad Redevelopment Agency;
- b. Accept the County of Monterey’s share, on behalf of the County General Fund, County Library Fund, and Educational Revenue Augmentation Fund, of the net unrestricted proceeds from the sale of the parcels; and
- c. Authorize the County Administrative Officer to execute all necessary documents to effectuate the transfer of proceeds.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve the sale of two parcels located at 183 Soledad Street, Soledad California (APNs 022-026-001 and 022-026-002) (“the parcels”) to the Soledad Unified School District by the City of Soledad and the City of Soledad Successor Agency to the Soledad Redevelopment Agency;
- b. Accept the County of Monterey’s share, on behalf of the County General Fund, County Library Fund, and Educational Revenue Augmentation Fund, of the net unrestricted proceeds from the sale of the parcels; and
- c. Authorize the County Administrative Officer to execute all necessary documents to effectuate the transfer of proceeds.

SUMMARY/DISCUSSION:

The Redevelopment Dissolution Act (ABx1 26 and AB 1484) and ensuing court actions, eliminated all redevelopment agencies in the state on January 31, 2012 and established procedures for disposing agency assets. To help facilitate the wind-down process at the local level, successor agencies were established to manage redevelopment projects currently underway, make payments on enforceable obligations, and dispose of redevelopment assets and properties. Accordingly, the City of Soledad Redevelopment Agency (“City Redevelopment Agency”) was dissolved and the City of Soledad Successor Agency (“Successor Agency”) became its successor in interest.

Pursuant to Health and Safety Code Section 34191.5(b), the Successor Agency, prepared a Long-Range Property Management Plan (LRPMP), dated July 3, 2013, to address the disposition of real property once held by the City of Soledad Redevelopment Agency. The LRPMP was amended on November 06, 2013. The Successor Agency governing board approved the LRPMP by resolutions of July 09, 2013 (SA-OB-13-14) and November 20, 2013 (SA-OB-13-07). The LRPMP was approved by the Oversight Board for the Successor Agency by resolution dated November 20, 2013. The Oversight Board approved the LRPMP, as amended on November 20,

2013, on March 11, 2014. The LRPMP, as amended on November 20, 2013, was approved by the California Department of Finance (“DOF”) on March 14, 2014.

In many cases, a successor agency is required to distribute resultant proceeds from the disposition of property as property tax to local taxing entities. In cases where the successor agency proposes to transfer real property to the city that created the redevelopment agency to further redevelopment that is consistent with the city’s redevelopment plan, the successor agency is required to negotiate and obtain a compensation agreement with taxing entities that historically received property taxes. As a condition of the City of Soledad (“City”) retaining real property for future development, the City entered into a 2016 “Compensation Agreement for Taxing Entity Compensation (“Compensation Agreement”) with the County of Monterey (“County”), on behalf of its County General Fund, its County Library Fund, and Educational Revenue Augmentation Fund, and other local taxing entities, including the Monterey County Water Resources Agency.

Pursuant to the Compensation Agreement, the City is obligated to remit the “Net Unrestricted Proceeds” from the sale of real property owned by the Successor Agency to the Monterey County Auditor-Controller’s Office for distribution to local taxing entities, including the County. Under the Compensation Agreement, percent shares of the Net Unrestricted Proceeds entitled to the County General Fund, to the County Library Fund, and to the Educational Revenue Augmentation Fund (“ERAF”) are 11.1809%, 1.6879%, and 15.6526%, respectively.

The City and the Successor Agency have entered into an agreement and amendment thereto with the Soledad Unified School District (“District”) for the purchase and sales of three parcels located at 183 Soledad Street, Soledad, California (“Soledad Street property”). Pursuant to this Purchase and Sale Agreement (“PSA”), as amended, the District will purchase the parcels for \$315,200. The City’s title report confirms that two of these parcels are owned by the Successor Agency (APNs 022-026-001 and 022-026-002) and one parcel is owned by the City (APN 022-026-017).

During the due diligence process before entering the PSA, the City discovered a transposition error. The LRPMP correctly identified the three parcels subject to the proposed sale to the District as property to be used in future development as affordable senior housing, but the LRPMP and the Compensation Agreement referred only to the disposition of parcel APN 022-026-017 and not to the disposition of APNs 022-026-001 and 022-026-002. APN 022-026-017 was incorrectly identified in the LRPMP and Compensation Agreement as Successor Agency-owned when actually the parcel is owned by the City. Indeed, the two parcels APNs 022-026-001 and 022-026-002, incorrectly identified in the LRMP as City-owned, actually are the Successor Agency assets.

Today, there is no dispute among the City, Successor Agency, or District that parcel APN 022-026-017 owned by the City had been transposed in the Compensation Agreement with parcels APNs 022-026-001 and 022-026-002 owned by the Successor Agency. Even though the Compensation Agreement does not reference APNs 022-026-001 and 022-026-002 as Successor Agency parcels, the City intends to remit the Net Unrestricted Proceeds from the sale of these two parcels to the local taxing entities, including the County (County General Fund and the County Library Fund), based on the percentages identified in the Compensation Agreement. As the Net Unrestricted Proceeds from the sale of the two parcels amounts to \$225,675, shares entitled to the County General

Fund, the County Library Fund, and the ERAF are \$25,232.54, \$3,809.17, and \$35,324.07, respectively.

Because the two Successor Agency-owned parcels are outside the Compensation Agreement, the City and the District require the County's approval of the sale of the properties and its acceptance of the County's shares of the Net Unrestricted Proceeds on behalf the County General Fund, the County Library Fund, and the ERAF.

OTHER AGENCY INVOLVEMENT:

Preparation of this report involved input from County Counsel, County Auditor-Controller, as well as coordination with the City of Soledad. The Monterey County Water Resources Agency Board of Directors approved the transfer of these two parcels at its meeting on September 16, 2024. Approval of the parcel transfer is on the October 22, 2024 agenda of the Monterey County Water Resources Agency Board of Supervisors for approval.

FINANCING:

The City reports that the Net Unrestricted Proceeds from the sale of the two parcels amounts to \$225,675 and shares entitled to the County General Fund and County Library Fund are \$25,232.54, \$3,809.17, and \$35,324.07, respectively, totaling \$64,365.78.

Preparer/Approver: Nicholas Chiulos, Chief Assistant CAO

Attachments:

- Letter dated August 29, 2024 of City Attorney, City of Soledad for approval of sale of Successor Agency-owned parcels and agreement to County's share of Net Unrestricted Proceeds of 183 Soledad Street to County of Monterey General Fund
- Letter dated August 29, 2024 of City Attorney, City of Soledad for approval of sale of Successor Agency-owned parcels and agreement to County's share of Net Unrestricted Proceeds of 183 Soledad Street to County of Monterey Library Fund
- Letter dated August 29, 2024 of City Attorney, City of Soledad for approval of sale of Successor Agency-owned parcels and agreement to County's share of Net Unrestricted Proceeds of 183 Soledad Street to County of Monterey Educational Revenue Augmentation Fund