



# Monterey County

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## Board Report

Legistar File Number: 16-1335

December 06, 2016

**Introduced:** 11/22/2016

**Current Status:** Consent Agenda

**Version:** 1

**Matter Type:** General Agenda Item

Recommend that the Monterey County Board of Supervisors approve the execution of an Agreement for Taxing Entity Compensation with the City of Soledad, pursuant to Health and Safety code section 34180(f).

### RECOMMENDATION:

It is recommended that the Board of Supervisors approve an Agreement for Taxing Entity Compensation with the City of Soledad, pursuant to Health and Safety code section 34180(f) and authorize the County Administrative Officer, or Assistant Administrative Officer, to execute the Agreement.

### SUMMARY:

Pursuant to Assembly Bill 26 from the first 2011-12 Extraordinary Session of the California Legislature, the City of Soledad Redevelopment Agency was dissolved and the City of Soledad Successor Agency became its successor in interest. The City of Soledad Successor Agency, as required by state law, prepared a Long-Range Property Management Plan (LRPMP) which addresses the disposition of property held by the city's former Redevelopment Agency; the LRPMP has been approved by the California Department of Finance. Pursuant to the approved LRPMP, the City of Soledad Successor Agency has conveyed specified real property in the former redevelopment plan area to the City of Soledad for future development.

The City of Soledad is currently in escrow to sell one particular 13.63 acre site (the property) to Richard Scagliotti for private commercial development. The property is located at the southeast corner of Nestles Road and Los Coches Drive; it is being sold for purposes of building a movie theater and associated retail uses. To facilitate the sale of this former redevelopment property, the City of Soledad requests the Board of Supervisors' approval of an Agreement for Taxing Entity Compensation pursuant to Health and Safety Code section 34180(f).

The Agreement addresses the County's pro rata share of prospective revenues from sale the property, both on behalf of the County as a whole and on behalf of Monterey County Free Libraries (MCFL). Under the Agreement, within 30 days after the City of Soledad receives the net proceeds of the sale (the sales price minus agreed-upon expenses), the County and the MCFL will receive revenues in the ratios specified by the tax allocation laws in effect on the date of the distribution. The City of Soledad will make the distribution to the Monterey County Auditor-Controller which shall distribute funds, as specified by applicable laws, to the County General Fund and to the MCFL.

The Agreement was negotiated so as to ensure the protection of County interests. For example, deductions from the sales price were minimized so as to maximize the net sales proceeds upon which

property tax distributions to the County and the MCFL will be made; conditions for post-sale accounting by the City to the County Auditor and for the County Auditor's right to audit the sale were requested and agreed to by the City.

The State-approved LRPMP valued the property at 2.5 million dollars. The sales price of 2.4 million dollars is \$100,000 less. The sales price was the subject of public hearings conducted by the City of Soledad; City of Soledad staff explained the reduction in sales price by reference to increased development costs projected to occur after the sale, necessitated by construction of a movie theater at the rear of the property in the first phase of development. The placement of the construction, and the corresponding increase in development costs, occurred per the City's request. By resolution, on June 1, 2016, after public hearing, the City of Soledad City Council adopted a resolution finding that accepting the sales price, as reduced, was appropriate and found that the consideration is not less than the fair reuse value of the land. The City of Soledad's Resolution further found that the sale for the development in question would increase economic opportunity, add local jobs, and increase the local tax base.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed the Taxing Entity Compensation Agreement as to form. The Auditor/Controller and Assistant County Administrative Officer likewise reviewed the Agreement and provided input.

FINANCING:

The City of Soledad shall remit Net Unrestricted Proceeds arising from sale of the former redevelopment property to the Monterey County Auditor-Controller's Office for distribution to Monterey County and to the Monterey County Free Libraries.

Prepared by: Jayanti Addleman, Library Director/County Librarian (831) 883-7573

Approved by: Nicholas E. Chiulos, Assistant County Administrative Officer

Attachments: Agreement for Taxing Entity Compensation with City of Soledad