



Monterey County

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Board Report

Legistar File Number: A 17-008

January 24, 2017

Introduced: 1/9/2017

Version: 1

Current Status: Agenda Ready

Matter Type: BoS Agreement

Acting as the Board of Directors of the Successor Agency to the Redevelopment Agency of the County of Monterey:

- a. Find the action to be categorically exempt from CEQA;
- b. Approve Amendment #1 and Renewal of the Lease Agreement with Clinica de Salud del Valle de Salinas for a portion of the property on Assessor's Number 117-323-013 located at 29-A Bishop Street in the community of Pajaro to extend the term of the lease to June 30, 2022;
- c. Approve a Lease Assignment and Acceptance Agreement to assign the lease with Clinica de Salud del Valle de Salinas from the Successor Agency to the County of Monterey;
- d. Approve a Grant Deed to transfer ownership of Assessor's Parcel No. 117-323-013 located at 29 Bishop Street in the community of Pajaro from the Successor Agency to the County of Monterey; and
- e. Authorize the Chair of the Board of Directors to sign the Grant Deed.

RECOMMENDATION:

It is recommended that the Board of Supervisors, acting as the Board of Directors of the Successor Agency to the Redevelopment Agency of the County of Monterey:

- a. Find the action to be categorically exempt from CEQA;
- b. Approve Amendment #1 and Renewal of the Lease Agreement with Clinica de Salud del Valle de Salinas for a portion of the property on Assessor's Number 117-323-013 located at 29-A Bishop Street in the community of Pajaro to extend the term of the lease to June 30, 2022;
- c. Approve a Lease Assignment and Acceptance Agreement to assign the lease with Clinica de Salud del Valle de Salinas from the Successor Agency to the County of Monterey;
- d. Approve a Grant Deed to transfer ownership of Assessor's Parcel No. 117-323-013 located at 29 Bishop Street in the community of Pajaro from the Successor Agency to the County of Monterey; and
- e. Authorize the Chair of the Board of Directors to sign the Grant Deed.

SUMMARY:

The recommended action will implement the transfer of ownership of the property located at 29 Bishop Street in the community of Pajaro (APN 117-323-013) from the Successor Agency to the County of Monterey in accordance with the provisions of the Successor Agency's Long-Range Property Management Plan. The County will continue the current uses on the property.

DISCUSSION:

California Assembly Bill 1X 26, enacted on June 28, 2011 and upheld by the California Supreme Court on December 29, 2011, dissolved all California redevelopment agencies effective February 1, 2012 through amendments to the California Health and Safety Code (the “Amended Code”). Pursuant to Sections 34173, 34175, and 34176 of the Amended Code, and by operation of law, the Successor Agency to the Redevelopment Agency of the County of Monterey has assumed the rights, duties, and obligations pertaining to all functions of the Original Agency, and as such has assumed the rights, duties, and obligations pertaining to the Property. Under the Amended Code, all property owned by (now former) redevelopment agencies must be disposed of, either through sale or other disposition, in accordance with a Long Range Property Management Plan (LRPMP) to be approved by the California Department of Finance (“DOF”).

On April 18, 2014 the Oversight Board of the Successor Agency to the Redevelopment Agency of the County of Monterey submitted its LRPMP to the DOF. The LRPMP states that these properties are proposed to be transferred to the County to continue the existing uses under the terms of the existing leases.

On December 31, 2015 the DOF approved the disposition of the properties listed in the LRPMP in accordance with the Successor Agency’s recommendations.

The subject property totals approximately 0.5 acre. The property was acquired by the former Redevelopment Agency in 1987 and has been in continuous public use since. The County has been managing and maintaining the property since 1988 under a Lease Agreement with the Redevelopment Agency. Although this lease expired in 2008 and was not renewed prior to dissolution of the Redevelopment Agency, the County has continued to manage and maintain the property. All costs to maintain and manage the property have been paid by the County from its facilities maintenance projects budget (Fund 401).

The property is developed with two buildings:

1. The 9,624 square foot three-story historic Porter-Vallejo Mansion. The building is a registered historical landmark, listed in both the Federal and State Registers of Historical Places. The building currently houses a branch of the Monterey County Free Libraries, a Sheriff’s Department field office, offices for other County departments, e.g. Social Services and the former Redevelopment Agency, and some “communal” meeting space. Office space has previously been rented or leased to other community groups, such as Together in Pajaro.

The 2nd and 3rd floors of the building do not comply with the Americans with Disabilities Act (ADA). Future lessees will be encouraged to scrutinize the premises’ access and egress paths to be certain this historical building will meet their needs and those of clients they seeks to serve.

In addition, there is only one source of heat for the first floor, and no heat source for the 2nd and 3rd floors. These areas must be provided with proper heating before they may be rented or leased.

2. A separate 3,385 square foot building on this property was previously used for a Community Center and a daycare facility. The building was leased in 2010 to Clinica de Salud del Valle de Salinas to operate a non-profit medical clinic. The term of the lease expired in January 2016, and the parties have been continuing the operation of the lease on a two month-to-two month basis at the same rent, as provided for in the Lease Agreement. The Lease Agreement provided for two extensions of six years each, and the Clinica has expressed its desire to extend the lease and continue the operation of the medical clinic for another six years.

The Lease Agreement provided that when the Clinica's monthly rent payments reached a total of \$50,000, rent payments would cease, provided the Clinica continues to provide services to very-low-, low-, and moderate-income households, and operates the Premises for such services at least 15 hours a week. At the current rate of rent payment, the total amount paid by Clinica will reach \$50,000 in January 2018.

The Lease Agreement further required that the Successor Agency was to deposit the Clinica's rent payments into a replacement reserve fund to be used for capital repairs and major maintenance for the exterior of the clinic building. Due to an oversight, the Agency did not place the rent payments into a reserve fund, and when the Redevelopment Agency was dissolved, all funds and assets of the Agency were subsumed by the State Department of Finance. At this time, the parties to the lease desire to delete the provision for the replacement reserve fund from the lease.

The recommended actions are categorically exempt from CEQA in accordance with CEQA Guidelines Section 15325, Transfers of Ownership of Interest in Land to Preserve Existing Natural Conditions and Historical Resources.

By separate action on this date, the Board of Supervisors of the County of Monterey will consider accepting assignment of the Clinica de Salud lease and accepting and authorizing the recording of the Grant Deed for the property.

OTHER AGENCY INVOLVEMENT:

The office of Successor Agency Counsel has reviewed this report and the attached documents as to form. County RMA has been involved in all discussions relating to the potential transfer of properties owned by the Successor Agency.

FINANCING:

The recommended property transfers will have no additional financial impact to the Successor Agency once approved. Costs for associated County staff to prepare the reports and Quitclaim Deed is considered reimbursable under the Successor Agency wind-down Administration however, at this time there is no funding available to reimburse staff costs associated with preparing this report and processing the documents in the above recommended actions. After the DOF rejected the Annual request for Administration fund in the amount of \$250,000 the

Successor Agency requested additional funds in the amount of \$125,000 for the second 6 month period in FY2016-17 for these and additional administrative costs and was denied by DOF. Staff is tracking time and expenses associated with wind-down Administration in anticipation that reimbursement will be provided prior to the closing out the remaining Success Agency obligations.

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Approved by: Carl P. Holm, AICP, Director, Resource Management Agency

The following attachments are on file with the Clerk of the Board:

Attachment 1 - Vicinity Map

Attachment 2 - Amendment #1 and Renewal of Lease Agreement

Attachment 3 - Lease Assignment and Acceptance Agreement

Attachment 4 - Grant Deed