



County of Monterey

Item No.

Board Report

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

Legistar File Number: WRAG 24-146

September 16, 2024

Introduced: 9/10/2024

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Approve the Agreement for Taxing Entity Compensation (“Master Tax Agreement”) with the City of Seaside for distributions of the net unrestricted proceeds from future sales of the properties identified in a Long-Range Property Management Plan of the Redevelopment Agency of the City of Seaside; and authorize the General Manager to execute the Agreement.

RECOMMENDATION:

It is recommended that the Monterey County Water Resources Agency Board of Directors recommend the Monterey County Water Resources Agency Board of Supervisors:

Approve the Agreement for Taxing Entity Compensation (“Master Tax Agreement”) with the City of Seaside for distributions of the net unrestricted proceeds from future sales of the properties identified in a Long-Range Property Management Plan of the Redevelopment Agency of the City of Seaside; and authorize the General Manager to execute the Agreement.

SUMMARY/DISCUSSION:

Property once belonging to the federal government at the location of the former Fort Ord will transition to the City of Seaside through a series of laws and cases enacted after the closure of Fort Ord. First the properties transitioned from the federal government to the Redevelopment Agency of the City of Seaside (See Assembly Bill X 26 enacted in June 2011; California Redevelopment Association v. Ana Matosantos (2011) 53 Cal.4th 231). Next in 2012, the properties transitioned from the Redevelopment Agency of the City of Seaside to the Successor Agency to Redevelopment Agency of the City of Seaside (Health and Safety Code section 34175(b)). The Successor Agency prepared a Long-Range Property Management Plan (“LRPMP”) addressing the disposition of the real property assets of the Former Agency (Health and Safety Code section 34191.3). Following the LRPMP, the properties were thereafter transferred to the Community Redevelopment Property Trust Fund of the Successor Agency.

The properties include:

- General Jim Moore Boulevard and Eucalyptus (Former First Tee Site) [No. 13]
- Lightfighter Drive between First and Second Avenues (The Projects at Main Gate Site APN 031-151-013) [No. 14]
- First Avenue and Lightfighter Drive (Commercial/Recreation Parcel) [No. 15], referred to below as “Fire Station Property”
- Surplus II Planning Area [No. 16]

Pursuant to the LRPMP, these properties will transfer to the City of Seaside which will in turn sell (or retain) the properties for future development. The net unrestricted proceeds of the sale

of these properties from the Successor Agency to the City of Seaside will be subject to the Master Tax Agreement under consideration.

Under previous law, these proceeds were to be divided equally between the Successor Agency and the Fort Ord Reuse Authority (“FORA”). However, state law dissolved FORA and provided for a change in the distribution formula for the net unrestricted proceeds (Health and Safety Code section 33492.71). Further modifying the distribution was the passage of Assembly Bill 1486, the Surplus Land Act, in 2019 (Government Code section 54220 et seq.).

All these changes culminate in the Master Tax Agreement under consideration. The Agreement provides the following:

- Parcel No. 14 will be provided to the State at no cost for the future construction of a courthouse;
- Parcel No. 15 will be provided to the City at no cost for the future construction of a fire station; and
- Each remaining Property’s net unrestricted proceeds from the one-time sale from the City of Seaside to future developers will be divided in accordance to Exhibit C (as amended each year to reflect changes to rates).

The Agreement specifies each entities proportionate shares of net unrestricted proceeds of sales when the property is sold. The Agreement indicates that the County General Fund will receive 13.5367% and the County Library Fund will receive 1.5929% of each sale’s net unrestricted proceeds. The major recipients of the net unrestricted proceeds are the Monterey Peninsula Unified School District (40.5155%), the City of Seaside (21.0579%), and the Educational Revenue Augmentation Fund (“ERAF”) (13.5430%).

Monterey County Water Resources Agency will receive 0.0883% and Monterey County Water Resources Agency, Zone 11 will receive 0.0137% of net unrestricted proceeds of sales.

The Agreement does not affect the tax basis for the properties once they are developed. The Agreement only covers the one-time sale of the properties from the City to future developers.

OTHER AGENCY INVOLVEMENT:

The Agency is working with the City of Seaside and the County of Monterey on the subject.

FINANCING:

The Agreement does not affect the tax basis for the properties once they are developed. The Agreement only covers the one-time sale of the properties from the City to future developers.

Prepared by: Nan Kyung Kim, Finance Manager (831) 755-4860

Approved by: Ara Azhderian, General Manager, (831) 755-4860

Attachments:

- Agreement for Taxing Entity Compensation with the City of Seaside

- Exhibit A - Agreement for Taxing Entity Compensation
- Exhibit B - Agreement for Taxing Entity Compensation