



Agenda Report

Fullerton City Council

MEETING DATE: NOVEMBER 6, 2018

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: KENNETH A. DOMER, CITY MANAGER

PREPARED BY: RAMONA CASTAÑEDA, REVENUE MANAGER

SUBJECT: TRANSFER OF REAL PROPERTY ASSETS FROM THE FULLERTON SUCCESSOR AGENCY TO THE CITY OF FULLERTON PER THE APPROVED LONG RANGE PROPERTY MANAGEMENT PLAN

SUMMARY

This item was continued from October 16, 2018. The purpose of this item is to request that five remaining real property assets currently held by the Successor Agency to the Fullerton Redevelopment Agency ("Fullerton Successor Agency" or "Successor Agency") be transferred to the City of Fullerton ("City") as directed in the Long-Range Property Management Plan (LRPMP), which was approved by the State of California's Department of Finance (DOF) on December 22, 2015.

RECOMMENDATION

As the Fullerton Successor Agency:

1. Authorize the transfer of real property assets from the Fullerton Successor Agency to the City of Fullerton per the Long-Range Property Management Plan.
2. Authorize the Executive Director, or his designee, to execute all transfer instruments and take all actions reasonably necessary to complete the transaction.

As the City Council of the City of Fullerton:

1. Accept the transfer of real property assets from the Fullerton Successor Agency to the City of Fullerton.
2. Authorize the Mayor, or his designee, to execute all compensation agreements as applicable, transfer instruments and acceptances, and take all actions reasonably necessary to complete the transaction.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statements:

- City Assets and Infrastructure.

FISCAL IMPACT

No cost impact to the City for the property transfer.

DISCUSSION

Pursuant to Assembly Bill 26 from the 2011-12 First Extraordinary Session of the California Legislature and the California Supreme Court's decision in *California Redevelopment Association v. Matosantos* (2011) 53 Cal.4th 231, effective February 1, 2012, the Fullerton Redevelopment Agency was dissolved. As part of the dissolution, the City, through the Fullerton Successor Agency, was required to prepare and obtain the California Department of Finance's (DOF) approval of a Long-Range Property Management Plan (LRPMP) (see Attachment 1) that addresses the disposition of the real property formerly owned by the Fullerton Redevelopment Agency.

The Fullerton Successor Agency's LRPMP was approved by the DOF on December 22, 2015 (see Attachment 2). The LRPMP identified 56 parcels that were owned and controlled by the Fullerton Successor Agency. These parcels comprised 15 distinct areas or assets. Each asset had to be classified in one of the four permitted categories:

- 1.) Retain property for governmental use;
- 2.) Retain property for future economic development;
- 3.) Sell the property; or
- 4.) Use property to fulfill an enforceable obligation.

Of the 15 assets, 10 assets were classified as "retain property for governmental use" and were transferred to the City of Fullerton in March 2016. The remaining five assets, were classified as "retain property for future economic development." In order to transfer the remaining five assets to the City, the City had to prepare and secure compensation agreements from all public taxing entities that share in the property tax base prior to the disposition of these properties.

The five remaining assets are the Fox Block properties, Amerige Court Site and Fullerton Transportation Center (see Attachment 3). More specifically, three of the remaining five assets are the properties that comprise the Fox Block: Asset #2 – Fox Theatre Complex located at the northeast corner of Harbor Boulevard and Chapman Avenue consists of the Fox Theatre, Tea Room, and Firestone Corner; Asset #3 - Peck Parking Structure Site located along Ellis Place between Harbor Boulevard and Pomona Avenue is a public parking lot behind the Fox Theatre; and Asset #4 - Public Parking Lot is a public parking located at the northwest corner of Chapman Avenue and Pomona Avenue.

The other two remaining assets are: Asset #8 - Amerige Court Site which currently consists of two public parking lots located on both the north and south sides of Amerige Avenue between Harbor Boulevard and Malden Avenue (the disposition and development agreement for this site has expired); and Asset #14 – Fullerton

Transportation Center is located east of Harbor Boulevard and generally bounded by Commonwealth Avenue, Lemon Street and Walnut Avenue.

Compensation agreements for the five remaining property assets have been recently secured from all the public taxing entities (see Attachment 4). The agreements state that if these properties are sold for economic development purposes, the City shall remit all net unrestricted proceeds to the Orange County Auditor-Controller's Office for distribution to the taxing entities. The Auditor-Controller thereafter shall have the obligation to distribute to the taxing entities in accordance with each taxing entity's pro rata share of the tax base. Accordingly, the City is not requesting any change to the standard distribution of pro rata share of property tax when these properties are sold.

After consultation with the Successor Agency's counsel, the City sent a letter to each taxing entity to do one of two things: acknowledge that the City was not changing the property tax amount and to sign and return the letter or, at their determination, sign the longer "Agreement for Taxing Entity Compensation" to the City. Both documents were deemed to be satisfying the need to have a compensation agreement per the LRPMP. As part of the recommended actions, the Mayor is authorized to sign the longer compensation agreements for the three entities that have returned them.

Now that the compensation agreements have been secured, the Fullerton Successor Agency is authorized to transfer the remaining 5 assets to the City of Fullerton. By disposing of these remaining assets, the Fullerton Successor Agency will be in compliance with another requirement of the dissolution process and closer to ultimate dissolution of the former agency.

Attachments:

- Attachment 1 – Long Range Property Management Plan
- Attachment 2 – Department of Finance Letter date December 22, 2015
- Attachment 3 – List of Remaining Property Assets
- Attachment 4 – Compensation Agreements