
OVERSIGHT BOARD
For the Successor Agency to the Community Redevelopment Agency of the
City of Citrus Heights

Ray Di Guilio, “Los Rios Community College District”
Kent Kern, “San Juan Unified School District”
Kristen Yates, “County of Sacramento”
Jeff Slowey, “City of Citrus Heights”
Amanda Thomas, “Sacramento Metro Fire District”
Henry Tingle, “City of Citrus Heights”
Bill Van Duker, “County of Sacramento”

REGULAR MEETING
AGENDA
January 19, 2016
3:00 p.m.

Citrus Heights Community Center
6300 Fountain Square Drive, Citrus Heights, CA

PLEASE NOTE: Any writings or documents provided to a majority of the Oversight Board regarding any item on this agenda will be made available for public inspection at City Hall located at 7927 Auburn Blvd., Citrus Heights during normal business hours. Agenda is available online at www.citrusheights.net.

The Agenda for this meeting of the Citrus Heights Oversight Board was posted at City of Citrus Heights, 7927 Auburn Blvd., Citrus Heights, CA no less than 72 hours preceding the meeting.

This meeting will be recorded and available at www.citrusheights.net within 48 hours.

If you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in this meeting, please contact the City Clerk’s Office 916-725-2448, 7927 Auburn Blvd., at least 48 hours prior to the meeting. TDD (hearing impaired only) 916-725-6185.

Please turn off all cellular phones and pagers while the Oversight Board meeting is in session.

Wednesday, January 13, 2016



Amy Van, Agency Secretary

CALL REGULAR MEETING TO ORDER

1. Flag Salute

2. Roll Call: Member Di Giulio, Kern, Slowey, Thomas, Tingle, Van Duker, Yates

APPROVAL OF AGENDA

LEGISLATIVE UPDATE

UPDATES FROM STAFF

PUBLIC COMMENT

Under Government Code Section 54954.3, members of the audience may address the Board on any item of interest to the public and within the Board's purview, or on any Agenda Item before or during the Board's consideration of the Item. If you wish to address the Board during the meeting, please fill out a Speaker Identification Sheet and give it to the City Clerk. When you are called upon to speak, step forward to the podium and state your name for the record.

Normally, speakers are limited to five minutes each with 30 minutes being allowed for all comments. Any public comments beyond the initial 30 minutes may be heard at the conclusion of the agenda. The Chair has the discretion to lengthen or shorten the allotted times.

CONSENT CALENDAR

It is recommended that all consent items be acted on simultaneously unless separate discussion and/or action is requested by a Board Member.

3. **SUBJECT:** Approval of Minutes
RECOMMENDATION: Approve the Minutes of the Special Meeting of September 15, 2015

REGULAR CALENDAR

4. **SUBJECT:** Approval of Sale Process for 6657 Auburn Boulevard
RECOMMENDATION: Adopt Resolution No. 2016-___O, A Resolution of the Oversight Board of the Successor Agency to the Community Redevelopment Agency of the City of Citrus Heights Approving the Sale Process for 6657 Auburn Boulevard, Including Use of Sale Proceeds for Eligible Expenses

COMMENTS BY BOARD MEMBERS

ADJOURNMENT

OVERSIGHT BOARD
For the Successor Agency to the Community Redevelopment Agency of the
City of Citrus Heights

Kenneth Campo, “Sacramento Metro Fire District”
Ray Di Giulio, “Los Rios Community College District”
Kent Kern, “San Juan Unified School District”
Kristen Yates, “County of Sacramento”
Jeff Slowey, “City of Citrus Heights”
Henry Tingle, “City of Citrus Heights”
Bill Van Duker, “County of Sacramento”

MEETING MINUTES
Tuesday, September 15, 2015

CALL TO ORDER

The Citrus Heights Oversight Board was called to order at 3:00 p.m.

1. Flag Salute
2. Roll Call: Members Present: Campo, Di Giulio, Slowey, Tingle, Van Duker, Yates
 Members Absent: Kern
 Staff Present: Devon Rodriguez, Rhonda Sherman, Amy Van

APPROVAL OF AGENDA

On a motion by Board Member Campo, seconded by Board Member Tingle, the Board approved the Agenda.

AYES: Campo, Di Giulio, Slowey, Tingle, Van Duker, Yates
 NOES: None
 ABSENT: Kern

LEGISLATIVE UPDATE

Development Specialist Rodriguez provided an update on new Redevelopment Agency legislation.

UPDATES FROM STAFF

Development Specialist Rodriguez provided an update on the City’s two active lawsuits filed by the Successor Agency against the Department of Finance and Sacramento County Controller.

PUBLIC COMMENT

None

CONSENT CALENDAR

3. **SUBJECT:** Approval of Minutes
RECOMMENDATION: Approve the Minutes of the Regular Meeting of February 23, 2015.

On a Motion by Board Member Di Guilio, seconded by Board Member Campo, the Board approved the minutes of the Regular Meeting of February 23, 2015.

AYES: Campo, Di Guilio, Slowey, Tingle, Van Duker, Yates
NOES: None
ABSENT: Kern

REGULAR CALENDAR

- 4. **SUBJECT:** Approval of Recognized Obligation Payment Schedule ROPS 15-16B
RECOMMENDATION: Adopt Resolution No. 2015-004O, A Resolution of the Oversight Board of the Successor Agency to the Community Redevelopment Agency of the City of Citrus Heights Approving the Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016.

Development Specialist Rodriguez presented the staff report.

On a Motion by Board Member Campo, seconded by Board Member Van Duker, the Board adopted Resolution No. 2015-004O, A Resolution of the Oversight Board of the Successor Agency to the Community Redevelopment Agency of the City of Citrus Heights Approving the Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016.

AYES: Campo, Di Guilio, Slowey, Tingle, Van Duker, Yates
NOES: None
ABSENT: Kern

COMMENTS BY BOARD MEMBERS

None

ADJOURNMENT

The Citrus Heights Oversight Board meeting was adjourned at 3:11 p.m.

Prepared and submitted by,

Amy Van, Agency Secretary

OVERSIGHT BOARD FOR THE CITY OF CITRUS HEIGHTS SUCCESSOR AGENCY

Memorandum

January 19, 2016

TO: Oversight Board Members

FROM: Rhonda Sherman, Community & Economic Development Director
Karen Tiedemann, Agency Counsel
Devon Rodriguez, Development Specialist

SUBJECT: **Approval of Sale Process for 6657 Auburn Boulevard**

Summary and Recommendation

The Successor Agency has made significant progress toward the goal of dissolution. The Agency has settled its two outstanding lawsuits and obtained a Finding of Completion on December 16, 2015. The next step toward dissolution is to dispose of 6657 Auburn Boulevard, the only property the Agency owns. The Agency would like to outline the sale process for 6657 Auburn Boulevard and obtain approval from the Oversight Board to use the sale proceeds for specific expenses, such as the cost of an appraisal, escrow and title fees, broker fees and expenses, and any other closing costs associated with the sale, with any remaining sales proceeds to be distributed to the taxing entities.

Due to the unique characteristics and situation that surrounds 6657 Auburn Boulevard the Agency is obtaining an appraisal to determine the property's value in it's as is condition considering the current ground lease, lease options, purchase option and environmental implications. The cost of the appraisal will be paid from net sales proceeds.

Staff recommends that the Oversight Board adopt Resolution No. 2016-___O, approving the sale process for 6657 Auburn Boulevard, including use of sale proceeds for eligible expenses.

Fiscal Impact

The Successor Agency has incurred administrative expense in the preparation of the materials being presented to the Oversight Board. The Successor Agency is entitled to reimbursement for the costs related to administration of the Oversight Board. In addition, the Agency is requesting the use of sales proceeds for the cost of selling 6657 Auburn Boulevard, such as the cost of an appraisal, broker fees, escrow and title fees, etc. None of the sale proceeds shall be used to pay for Successor Agency staff costs which include costs associated with the administration or oversight of the solicitation, bidding or selection process used for the sale of the property. The Department of Finance (DOF) did approve \$125,000 in administration funds for ROPS 15-16B,

the period of January 1 through June 30, 2016. Those funds will be used for administration and oversight costs.

Background and Analysis

The former Redevelopment Agency purchased 6657 Auburn Boulevard on October 18, 2002. At the time, the property, along with two adjacent parcels made up a corner of Auburn Boulevard and Van Maren Lane. The site was a run down, vacant strip center that included a gas station. The Agency's acquisition of the property made way for successful negotiations with the adjacent property owners and eventually the redevelopment of the entire corner into a 24 Hour Fitness, Rite Aid and associated parking. As part of the redevelopment, the Agency's land became a parking lot and provides parking spaces for the 24 Hour Fitness. The Agency leased the property to the owner of the 24 Hour Fitness site. The Ground Lease remains in effect today. The ground lease grants the lessee an option to purchase the property at a set sales price. The tenant was approached in September 2015 about exercising the option to purchase the property. On October 5, 2015 the Agency was notified that the owner did not wish to exercise its option to purchase at this time and wished to continue its existing lease.

As stated, the property is a former gas station; as such the property has been an active case with the Sacramento County's Environmental Management Department for groundwater contamination. Over the years, the gas tanks were removed, several monitoring wells were installed and a remediation system was active in an effort to clean up the property. On June 9, 2015 the site was closed per the State's Low Threat Closure Policy and received a letter of No Further Action. The No Further Action letter establishes that the Responsible Party (in this case, the former owner of the property) has completed remediation of the site.

To complicate matters further, the property at 6701 Auburn Boulevard, across Van Maren Lane from 6657 Auburn Boulevard, is also an active groundwater contamination site. This site is an existing 7-Eleven gas station and its release of Methyl tert-butyl ether (MTBE), a gasoline additive, has migrated and is now contaminating 6657 Auburn Boulevard, along with other surrounding properties. Prior to receiving the No Further Action Letter, Parks Enterprises, the original gas station owner of 6657 Auburn Boulevard, was required to transfer ownership of several monitoring wells located on the property to 7-Eleven to continue monitoring and clean-up of 7-Eleven's release. As such, the Successor Agency has a Right of Entry Agreement with 7-Eleven that grants 7-Eleven access to 6657 Auburn Boulevard for use of the monitoring wells. Any future purchaser of 6657 Auburn Boulevard will be required to take the property subject to the Right of Entry Agreement and will be taking title to the property with the 7-Eleven monitoring wells on the property. The history of hazardous contamination as well as the continued presence of the 7-Eleven monitoring wells is expected to impact the value of the property.

The Successor Agency is proposing to follow the following steps to dispose of 6657 Auburn Boulevard:

1. Obtain an Appraisal

Due to the complex and unique factors surrounding 6657 Auburn Boulevard, as described above, Successor Agency staff feels it is imperative to obtain an appraisal of the property

in its current condition. The appraisal will take into account the current lease, the purchase options and hazardous materials contamination history. The Agency staff obtained three quotes for appraisal services and based on the quotes and appraisers' understanding of the scope of work involved, the Agency has selected Valbridge Property Advisors. The appraisal will cost \$4,000. The Successor Agency will be reimbursed for these costs from the sales proceeds.

2. Obtain a Broker

The Agency will obtain a licensed and experienced commercial real estate broker using a request for qualification selection process.

3. Market the Property

The Agency's broker will market the property for at least 60 days.

4. Bids

After the 60-day marketing period, bids will be accepted. Any bid must include assumption of the current Ground Lease and Right of Entry Agreement with 7-Eleven. Any bidder will be required to enter into a purchase and sale agreement that requires the purchaser to accept the property in its as is condition with no representations or warranties from the Successor Agency and releases the Successor Agency from any claims.

5. Approval of Sale

Successor Agency staff will notify the highest bidder and bring the Purchase Agreement forward for consideration and approval or rejection by the Oversight Board. The Purchase Agreement will require the Buyer to deliver a non-refundable deposit equal to ten percent (10%) of the purchase price ("deposit") into escrow within five business days after Oversight Board approval of the Purchase Agreement. The Deposit will be applied to the purchase price at closing and shall only be refundable to Buyer if Seller is unable to deliver title or a grant deed at closing as provided in the Purchase Agreement. Unless approved otherwise by the Oversight Board, the Purchase Agreement will require a close of escrow no later than 30 days after the date the Oversight Board resolution approving the Purchase Agreement is effective. Sale proceeds will pay for the cost of the appraisal, escrow and title fees, broker fees and expenses, and any other closing costs associated with the sale through escrow. The Oversight Board Resolution must be sent to the DOF for its review in accordance with the Dissolution Statute. The DOF has 5 days after receipt of the resolution to call the resolution up for review. If the DOF elects to review the resolution, DOF has 40 days to conduct its review and either approve the resolution or send it back for reconsideration. The Oversight Board resolution will not be final until either the DOF gives notice that it is not electing to review the resolution or if DOF elects to review the resolution, DOF approves the resolution. The Purchase Agreement will be effective when the Oversight Board resolution becomes effective.

If no bids are received for the property, the Successor Agency shall re-evaluate the disposition strategy.

Subject: Approval Sale Process for 6657 Auburn Boulevard

Date: January 19, 2016

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Conclusion

In order to dissolve the Successor Agency, the Agency must dispose of 6657 Auburn Boulevard expeditiously and for maximum value. The history and characteristics of 6657 Auburn Boulevard make it a very unique property that will require an appraisal to determine its current value. Staff recommends the Oversight Board approve the sale process for 6657 Auburn Boulevard, including the use of sale proceeds for eligible expenses (i.e. appraisal expense, escrow and title fees, and broker fees and expenses).

Attachments: (1) Resolution 2016 - ____O

RESOLUTION NO. 2016 _____ O

**RESOLUTION OF THE OVERSIGHT BOARD OF THE
SUCCESSOR AGENCY TO THE COMMUNITY
REDEVELOPMENT AGENCY OF THE CITY OF CITRUS
HEIGHTS APPROVING THE SALE PROCESS FOR 6657
AUBURN BOULEVARD, INCLUDING USE OF SALE PROCEEDS
FOR ELIGIBLE EXPENSES**

WHEREAS, pursuant to the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.; the "Redevelopment Law"), the City Council (the "City Council") of the City of Citrus Heights (the "City") adopted in accordance with the Redevelopment Law, Ordinance No. 97-20 on December 10, 1997 adopting the Redevelopment Plan for the Citrus Heights Commercial Corridor Redevelopment Project Area (the "Redevelopment Plan"), as amended from time to time; and

WHEREAS, the California state legislature enacted Assembly Bill x1 26 (the "Dissolution Act") to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.); and

WHEREAS, on January 12, 2012 and pursuant to Health and Safety Code Section 34173, the City Council of the City of Citrus Heights (the "City Council") declared that the City of Citrus Heights, a municipal corporation (the "City"), would act as successor agency (the "Successor Agency") for the dissolved Community Redevelopment Agency of the City of Citrus Heights (the "Former RDA") effective February 1, 2012; and

WHEREAS, on February 1, 2012, the Former RDA was dissolved pursuant to Health and Safety Code Section 34172; and

WHEREAS, the Successor Agency is responsible for implementing the Dissolution Act (Assembly Bill x1 26, as amended by AB 1484 and further amended by SB 107); and

WHEREAS, per the Dissolution Act, the Successor Agency is required to expeditiously and for maximum value dispose of Former RDA owned property.

WHEREAS, the Former RDA owned one piece of property at 6657 Auburn Boulevard; and

WHEREAS, due to the environmental complexities and other unique factors of 6657 Auburn Boulevard, Successor Agency staff believes it is prudent to obtain an appraisal for the property prior to disposition of the property; and

WHEREAS, the Oversight Board of the Successor Agency has reviewed and duly considered the Staff Report, which includes a description of the sale process and other written evidence presented at the meeting; and

WHEREAS, the Dissolution Act provides for the appointment of an oversight board (the "Oversight Board") with specific duties to approve certain Successor Agency actions pursuant to Health and Safety Code Section 34180 and to direct the Successor Agency in certain other actions pursuant to Health and Safety Code Section 34181; and

WHEREAS, the Successor Agency to the Community Redevelopment Agency of the City of Citrus Heights must obtain approval from the Oversight Board to use sale proceeds for eligible expenses, including the cost of an appraisal, escrow and title fees, and broker fees and expenses.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board hereby finds, resolves, and determines that the foregoing recitals are true and correct, and, together with information provided by the Successor Agency staff and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

BE IT FURTHER RESOLVED that the Oversight Board hereby approves the sale process outlined in the attached staff report, including the use of sale proceeds for the following eligible expenses: appraisal expense, escrow and title fees, broker fees and expenses, and any other closing costs associated with the sale through escrow.

BE IT FURTHER RESOLVED that the Oversight Board authorizes and directs the Successor Agency to enter into any agreements and amendments to agreements necessary to appraise, market, and bring a qualifying bid and purchase agreement for 6657 Auburn Boulevard expeditiously and for maximum value to the Oversight Board for approval.

BE IT FURTHER RESOLVED that this Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

The above and foregoing resolution was duly and regularly passed and adopted at a meeting by the Oversight Board of the Successor Agency to the Community Redevelopment Agency of the City of Citrus Heights on the 19th day of January, 2016 by the following vote:

AYES: **Board Members:**
NOES: **Board Members:**
ABSENT: **Board Members:**
ABSTAIN: **Board Members:**

Jeff Slowey, Chair

ATTEST:

Amy Van, Agency Secretary