



County of Santa Cruz

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REDEVELOPMENT AGENCY

701 OCEAN STREET, ROOM 510, SANTA CRUZ, CA 950604000

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TOM BURNS, AGENCY ADMINISTRATOR

October 10, 2001

Agenda: October 23, 2001

Board of Supervisors
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

Felt Street Plaza Property Issues

Dear Members of the Board:

On September 18, 2001 your Board approved a series of actions contained in a letter from the County Administrator regarding the long term use and ownership of the Felt Street Plaza Property, a current holding of the Redevelopment Agency. That letter (provided as Attachment 1) recommended a series of public uses and a process for their long term presence on the site, through transferring the property from the Agency to the County.

Consistent with state law, the Board also set a public hearing for this time to consider any public comments relative to the findings required by state law to enable such a transfer. As required by Health and Safety Code Section 33679, a report has been prepared which summarizes all costs related to the project, including financing, and reviews a series of findings required for such a transfer (Attachment 2).

In order to proceed with this transfer, a number of actions are required of your Board, as the Board of Supervisors. As well, separate actions are required by your Board, as the Board of Directors for the Redevelopment Agency. Those actions for the Agency are contained within another letter on this agenda, before the Redevelopment Agency Board of Directors.

It is therefore RECOMMENDED that your Board take the following actions:

1. Conduct a public hearing on the proposed transfer of the Felt Street Plaza Property from the Redevelopment Agency, including the information contained in Attachment 2;
2. Authorize the CAO to take any actions required to process acceptance of the property from the Agency; and

3. Authorize the Chairperson to sign the deed of acceptance for the property

Very truly yours,



Tom Burns
Redevelopment Agency Administrator

RECOMMENDED:



Susan A. Mauriello
County Administrative Officer

Attachments

cc. RDA

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County of Santa Cruz

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COUNTY ADMINISTRATIVE OFFICE

701 OCEAN STREET, SUITE 520, SANTA CRUZ, CA 95060-4073

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SUSAN A. MAURIELLO, J.D., COUNTY ADMINISTRATIVE OFFICER

August 27, 2001

Agenda: September 18, 2001

Board of Supervisors
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

FELT STREET PLAZA

Dear Members of the Board:

During the recent budget hearings your Board continued consideration of funding for improvements to the Felt Street Plaza property pending the provision of additional information on the overall long term plans for ownership of the property, intended use of the site and proposed improvements. This report provides your Board with the information requested and also provides some brief background information related to the project recommendation.

BACKGROUND

As your Board is aware, the County Redevelopment Agency was created in 1987 to provide for critically needed improvements in the Live Oak/Soquel community. The redevelopment process was initiated to correct many adverse conditions that were detracting from the economic, cultural and recreational vitality of the area, and that were threatening the public's safety. The redevelopment plan set forth the goals of the Agency which included the acquisition and transfer of real property, and the development of various public improvements in the project area, including the development of community centers. The Agency was also authorized to financially assist other public agencies "in the cost of public land, buildings, facilities, structures, or other improvements to the extent permitted by Redevelopment Law."

Financing for the redevelopment agency projects is derived from incremental property taxes generated within the project area. These property taxes, which would otherwise accrue to other local governments and the State, are committed to secure financing for the redevelopment agency projects. For example, in fiscal year 2000-01 approximately \$1.2 million in County general fund dollars were utilized for Redevelopment Agency projects. To date, since the inception of the Agency, nearly \$12 million in general funds have provided for project area improvements. These funds have been used to improve the overall economic conditions of the project area, and in this way have contributed to the overall financial health of the County.

HISTORY AND STATUS OF FELT STREET PLAZA

The property now known as Felt Street Plaza was purchased by the Redevelopment Agency in 1993 as part of major improvements along the 17th Avenue corridor. In addition to street and streetscape improvements along 17th Avenue, the Agency funded two phases of redevelopment of the commercial property — the demolition of buildings, construction of a parking lot and landscaping, and the first phase of improvements to the remaining commercial building.

Over the past several years the Agency has managed the property with a mix of tenants, including previous storage uses, a retail swimwear store and the Live Oak Sheriffs Community Service Center. The Sheriffs Service Center has been on a rent-free agreement, based upon the benefits it provides for the residents of the redevelopment project area.

The Redevelopment Agency is prohibited by law from operating a long term commercial property once the redevelopment of the facility has been completed. Therefore, several years ago staff began exploring options for disposition of the property. As part of those efforts, we began to explore the best long term arrangement for the Sheriffs Service Center. During those discussions, staff explored the use of the property as a long term County facility. As you are aware, the Agency can convey the property to the County, if the uses meet the following required findings:

- ✓ the project (and uses) benefits the area or immediate neighborhood
- J there are no other reasonable means to finance the project
- J the project assists in eliminating blight
- J the project is consistent with the Agency's implementation plan.

This is the same process used for the transfer of parks and other completed RDA projects. Depending on the proposed uses, RDA staff believe that the above findings could be made, allowing the building to be transferred to the County at no cost.

PROPOSED FELT STREET PLAZA OCCUPANTS

Since that time, we have been working with the Redevelopment Agency to identify a list of appropriate activities, needed improvements to accommodate the selected tenants and the best method for financing the required improvements. At this point in time, the following plan has been developed for use of the building:

- | | |
|---|---------------|
| • Sheriff Community Service Center | 1,900 sq. ft. |
| • Parks Storage | 1,000 sq. ft. |
| • Retail Space (interim use) | 1,000 sq. ft. |
| • Probation -- Juvenile (Live Oak Division and Neighborhood Accountability Board) | 800 sq. ft. |
| • Conference Room | 350 sq. ft. |

The following provides a detailed description of each of these activities:

Sheriff Community Service Center (1,900 sq. ft.)

The County Sheriff-Coroner currently operates a Live Oak Sheriffs Service Center from this location where both Sheriffs Office personnel and community volunteers focus on community oriented policing activities. The services provided include crime reporting, walk-in assistance, neighborhood watch, and information and referral for the project area residents. The location

of the Service Center at the Felt Street property allows easy access for area residents and in particular senior citizens who may have limited mobility issues and who may be unable to drive to a downtown location. The Sheriff's Department is planned to occupy approximately 40% of the property.

Parks Storage (1,000 sq. ft.)

The Parks Department will occupy approximately 20% of the property for storage related to the Simpkins Swim Center. The use of this site for pool related storage has allowed for the removal of large storage containers at the Swim Center which were considered a visual detriment at that site.

Retail Space (1,000 sq. ft.)

A related private rental will continue to occupy 20% of the property until additional County service needs require a relocation.

Probation -- Juvenile (Live Oak Division and Community Accountability Board) (800 sq. ft.)

The County Probation Department diversion program will work with neighborhood youth on structuring alternative sanctions and positive programming for juveniles who are involved in minor delinquency actions. In addition, Probation Department staff located at the facility will oversee the Neighborhood Accountability Board (NAB) which services the Live Oak area. The NAB is comprised of residents from the Live Oak community who work with neighborhood youth, their families, and the community on conflict resolution. The Probation Department is planned to occupy approximately 20% of the facility.

Conference Room (350 sq. ft.)

To augment the use of the facility for County programs located at the site, and to provide a conference room for neighborhood community groups, the facility will also have a centrally located meeting room. This room will be available for small group meetings.

All of these activities provide direct benefits to residents of the Live Oak Community and therefore this mix of uses appears to qualify for transferring the site to the County at no cost. (Attachment 1 provides a floor plan of the redeveloped commercial space, and current and proposed occupants.)

RECOMMENDED IMPROVEMENTS

The 2001-02 Plant Acquisition Budget included an estimated cost of \$160,000 for various improvements to the Felt Street Plaza building. This estimate was based on a preliminary review of interior improvements and HVAC upgrades to accommodate the existing and proposed uses of the building. A further review of the proposed improvements and the associated costs will be needed in order to ensure that the improvements are cost effective and necessary for the long term use of the building.

With regard to financing, Supervisor Beautz has raised concerns regarding the use of Redevelopment Agency funds for tenant improvements to this building. We believe that a further analysis of the costs and benefits is worthwhile and may result in a reduced budget for the improvements which could be financed through other funding sources, or alternatively, deferred for

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consideration as part of the 2002-03 Plant Acquisition Budget. In order to provide for the Probation Department and conference room spaces we will work with General Services and the Probation Department to expedite those improvements contingent upon the conveyance of the building to the County.

SUMMARY AND RECOMMENDATION

The Felt Street Plaza property is ideally located as a community facility to service the Live Oak area and the proposed uses would provide a direct benefit to the area residents. The RDA staff agrees that the transfer of ownership of this facility from the RDA to the County would be consistent with RDA conveyance requirements and recommends that your Board proceed at this time with the necessary actions as set forth in this report.


In order for your Board to proceed with the proposed long term plan for ownership of the Felt Street Plaza, the process for conveying the property to the County and proceeding with the improvements is as follows:

- ☐ Board of Supervisors must hold a public hearing on Agency conveyance and findings;
- ☐ Redevelopment Agency must take action to approve transfer of property to the County;
- ☐ General Services would further evaluate the proposed improvements, develop final cost estimates, and consider financing alternatives; and
- ☐ County Real Property would take over management of rental agreements for the property.

It is therefore RECOMMENDED that your Board:

- 1) Accept and file this report on the Felt Street Plaza property including the long term plans for ownership of the property and intended use of the site;
- 2) Direct General Services to further evaluate the proposed building improvements and financing alternatives; and,
- 3) Set a public hearing for October 23, 2001 on the proposed Redevelopment Agency conveyance and related findings.

Very truly yours,


Susan M. Mauriello

County Administrative Officer

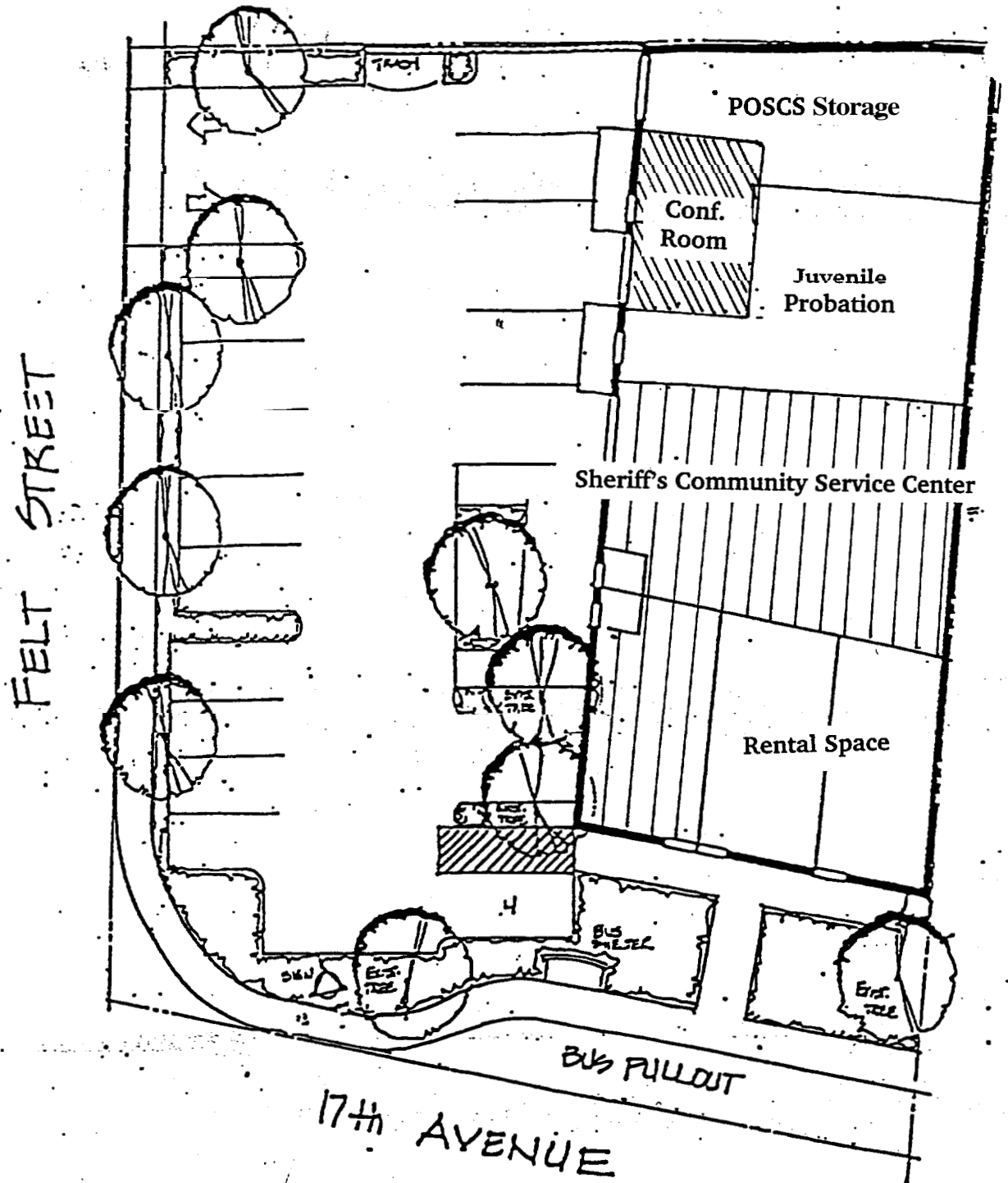
Attachment

cc. Redevelopment Agency
General Services
Real Property Division of Public Works
Sheriff-Coroner
Probation
POSCS

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FELT STREET PLAZA
CURRENT AND PROPOSED OCCUPANTS

SUMMARY REPORT FOR PUBLIC HEARING ON: FELT STREET PLAZA PROJECT FINANCING

(Required by Health and Safety Code Section 33679)

This project involves the Redevelopment Agency conveying a commercial property to the County of Santa Cruz. The property was acquired by the Agency in 1993 as part of the 17th Avenue Improvement Project, and has been the subject of demolition, parking lot construction, and building remodeling since the Agency's acquisition. It currently is the location of the Sheriff's Live Oak Community Service Center. It is proposed by the County that, subject to conveyance of the property, the County would expand public uses to include offices for the Live Oak Division of Probation, including the Neighborhood Accountability Board, a conference room for use by the community, including the Live Oak Family Resource Center, and storage of equipment for the Parks Department's community recreation programs.

A summary of the Agency's costs for acquisition, design and reconstruction are provided below:

OVERALL SUMMARY OF PROJECT COSTS	
Project Component	cost
Property Acquisition	\$373,420
Design Services & Permit Costs	\$48,716
Phase 1 Construction	\$42,500
Phase 2 Construction	\$154,549
TOTAL PROJECT COSTS	\$619,185

THE FOLLOWING SECTIONS HAVE BEEN PREPARED IN RESPONSE TO THE REQUIREMENTS OF STATE REDEVELOPMENT LAW:

(A.) Estimate of the amount of tax increment revenues to be used to pay for the Felt Street Plaza Project, including interest payments:

The project costs have been paid from Tax Increment Bonds issued on behalf of the County Redevelopment Agency by the Santa Cruz County Public Finance Authority. The attached schedule shows the principal and interest payments which will be paid from tax increment revenues for the Felt Street Plaza Project during the period 1993-94 through 2021-22. The total principal payments for the period are \$619,185. The total

interest payments for the period are \$598,626. Total principal and interest payments are \$1,217,811. The present value of the principal and interest payments is \$633,739 using a 5% discount rate.

(B.) The facts supportina the determinations required to be made by the leaislative body pursuant to Health and Safetv Code Section 33445:

1. The facility will be of benefit to the project area and immediate neighborhood in which the project is located through: providing improved law enforcement services to the community through providing a location for the Live Oak Sheriff Community Service Center; expanded opportunities for community recreation through enhanced storage for community recreation programs; providing more direct community interaction with the probation department, through its Neighborhood Accountability Board; and expanded community meeting space for community groups, including the Live Oak Family Resource Center.
2. That no other reasonable means of financing the facility are available to the community. This County has explored options for these facilities in the community for years, without finding financially feasible locations. The Agency has provided rent-free space for several years for some of the uses, but such an arrangement is not possible for the long term. If the Agency does not transfer this property to the County, the Agency will be forced to sell the property to a private property owner for commercial uses, thereby displacing public uses from the property. Therefore, the project as described would not be possible long term without Redevelopment Agency assistance.
3. That the payment of funds for the facility will assist in the elimination of one or more blighting conditions and is consistent with the five year implementation plan for the area. The redevelopment plan for the Live Oak-Soquel area recognized the lack of public recreation and other services as a critical issue in the area. The five year implementation plan includes the need to support these uses.

(C.) The purpose for which taxes are beina used to pay for this proiect: Tax increment funds are being used to fund this project in order to address the needs for expanded community services as articulated in the Redevelopment Plan and the Five Year Implementation Plan.

Schedule of Tax Increments for Felt Street Plaza Project

Year	Principal	Interest	Total
1994	\$3,063	\$35,008	\$38,071
1995	8,153	25,706	33,859
1996	4,338	38,910	43,248
1997	4,623	39,236	43,859
1998	4,837	39,534	44,371
1999	10,683	39,512	50,195
2000	11,429	39,385	50,814
2001	15,483	24,313	39,796
2002	16,348	23,655	40,003
2003	17,214	22,960	40,174
2004	17,906	22,228	40,134
2005	18,772	21,467	40,239
2006	19,637	20,669	40,306
2007	20,503	19,835	40,338
2008	21,270	19,186	40,456
2009	22,070	18,590	40,660
2010	23,030	17,726	40,756
2011	24,149	17,092	41,241
2012	25,109	16,361	41,470
2013	26,388	15,537	41,925
2014	27,507	14,601	42,108
2015	28,888	13,834	42,722
2016	30,445	12,389	42,834
2017	31,846	11,084	42,930
2018	33,404	9,460	42,864
2019	35,111	7,909	43,020
2020	37,016	6,083	43,099
2021	38,857	4,198	43,055
2022	41,106	2,158	43,264
TOTALS	\$619,185	\$598,626	\$1,217,811

Net Present Value at 5% Discount Rate

\$633,739