

City Council

Agenda Item No. 10



MEETING DATE: January 21, 2014

TO: CITY COUNCIL

FROM: CITY MANAGER

SUBMITTED BY: Douglas Dumhart, Community Development Director

AGENDA TITLE: Agreement for the Transfer of Real Property Located at 5410-14 La Palma Avenue from the Successor Agency to the City of La Palma

SUMMARY:

This is the companion item to the Successor Agency agenda item regarding the transfer of Real Property at 5410-14 La Palma Avenue. The Successor Agency is transferring the asset to the City and the City Council must take an action to “accept” the property. The requisite Resolution has been prepared and is provided as *Attachment 1*, to this report.

BACKGROUND:

The former Community Development Commission (CDC) only possessed one real property parcel at the time the CDC was dissolved under AB 1X26. The subject property is a 10,507sf parcel improved with a 3,000sf retail commercial building located in the WalMart Center. The State Department of Finance approved plan for this parcel is that the property is to be transferred to the City to serve as an income producing asset and diversify its general fund revenues.

Next steps

The next steps in the process to effectively transfer the property to the City would be:

1. Successor Agency approval of Transfer Agreement
2. City of La Palma approval of Transfer Agreement
3. Oversight Board approval of Transfer Agreement
4. DOF approval of Transfer Agreement
5. Recording and transfer of title from Successor Agency to City of La Palma.

ALTERNATIVES:

1. Adopt a Resolution approving the Transfer Agreement for the real property at 5410-14 La Palma Avenue to the City.

2. Adopt a Resolution approving Transfer Agreement for the real property at 5410-14 La Palma Avenue to the City subject to modifications.
3. Refer to staff for additional information.

FISCAL IMPACT:

The LRPMP calls for the transfer of the Property to the City and that any future sale will require the proceeds be distributed to OTE's. Furthermore, the LRPMP calls for the Property to host commercial leases that would be subject to future property taxes. As such, no exchange of consideration is required to fulfill the transfer of the Property from the Successor Agency to the City.

The Property was examined by The Kiley Company to establish a fair market value of the fee simple interest as of June 25, 2013. Their property appraisal made in compliance with the guidelines set forth by the Uniform Standards of Professional Appraisal Practice (USPAP) indicated that the unadjusted fair market rent for the trade area ranges from a \$1.45 to \$1.75 per square foot. Their adjusted comparables finds the rent range at \$1.05 to \$1.44 and concluded market rent for the Property would be \$1.40psf which could yield approximately \$50,000± in annual rental income. If a sales tax generating use is placed in the Property, the City could realize an additional \$1,500 - \$2,000 in new sales tax revenue as well. The Property appraisal is on file in the Community Development Department and is available for public inspection.

RECOMMENDED ACTION:

It is recommended that the City Council adopt a Resolution approving the Agreement for the transfer of 5410-14 La Palma Avenue from the Successor Agency to the City of La Palma.

APPROVED:



Department Director



Finance (if applicable)



City Manager

Attachment: 1. Resolution approving an Agreement for the transfer of 5410-14 La Palma Avenue

RESOLUTION NO. 2014-__

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA PALMA APPROVING A TRANSFER AGREEMENT FOR REAL PROPERTY LOCATED AT 5410-14 LA PALMA AVENUE FROM THE SUCCESSOR AGENCY TO THE CITY OF LA PALMA

WHEREAS, the Community Development Commission of the City of La Palma (“Redevelopment Agency”) was activated by the City Council of the City of La Palma as redevelopment agency, under the California Community Redevelopment Law (Health & Safety Code Section 33000 et seq.) ; and

WHEREAS, the California State Legislature enacted Assembly Bill 1X 26 (the "Dissolution Act") to dissolve all redevelopment agencies in the State of California; and

WHEREAS, on June 27, 2012, the California Legislature enacted, and the Governor signed, Assembly Bill 1484 (“AB 1484”), which, among other things, made certain revisions to certain of the statutes added by ABx1 26; and

WHEREAS, pursuant to Health and Safety Code section 34191.5, added by AB 1484, the Successor Agency prepared a Long Range Property Management Plan (“LRPMP”) addressing the disposition and use of the one real property of the former Redevelopment Agency (the “Property”); and

WHEREAS, the LRPMP provides for the transfer of the Property to the City for future development with private commercial lessees; and

WHEREAS, the Successor Agency received “Approval” of its LRPMP from the State Department of Finance (“DOF”) on December 13, 2013, subject to the Successor Agency obtaining compensation agreements with the other taxing entities (“OTE’s”) pursuant to Health and Safety Code section 34180(f)(1) at such time as the City sells the Property; and,

WHEREAS, a Transfer Agreement for the Property has been prepared for the City of La Palma’s consideration and is set forth as “Exhibit A” attached hereto and incorporated herein by this reference; and

WHEREAS, the Transfer Agreement is exempt from California Environmental Quality Act (CEQA) review under the CEQA Guidelines because the City Council action will not with reasonable certainty have any possible effect on the environment; and,

WHEREAS, the City Council has reviewed and duly considered the staff report, the Transfer Agreement, and other evidence and testimony presented related thereto.

NOW, THEREFORE, the City Council of the City of La Palma hereby resolves as follows:

SECTION 1. The foregoing Recitals are true and correct and are incorporated hereinto this Resolution by this reference.

SECTION 2. The City Council hereby approves the Transfer Agreement as attached hereto as "Exhibit A" and incorporated herein by this reference.

SECTION 3. The approval of the Transfer Agreement through this Resolution does not commit the City of La Palma to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

SECTION 4. The City Manager is authorized to accept the conveyance of the Property from the Successor Agency, and the City Manager and her authorized designee(s) are authorized and directed to take such other and further actions, and to sign such other and further documents and instruments, as may be necessary to implement and affect this Resolution and the Transfer Agreement on behalf of the City of La Palma.

PASSED, APPROVED, AND ADOPTED this 21st day of January, 2014.

Steve Shanahan,
Mayor

ATTEST:

Laurie A. Murray, CMC,
City Clerk

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF LA PALMA)

I, LAURIE A. MURRAY, City Clerk of the City of La Palma, HEREBY DO CERTIFY that the foregoing resolution was adopted at a regular meeting of the City Council of the City of La Palma, held on the 21st day of January, 2014.

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:

Laurie A. Murray, CMC,
City Clerk

Exhibit A

PROPERTY CONVEYANCE AGREEMENT

This PROPERTY CONVEYANCE AGREEMENT (“Agreement”) is entered into this _____ day of _____, 2014 (“Effective Date”), by and between the CITY OF LA PALMA, a California municipal corporation (“City”), and the SUCCESSOR AGENCY TO THE DISSOLVED COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF LA PALMA, a public body, corporate and politic (“Successor Agency”).

R E C I T A L S

A. Successor Agency is the owner in fee of that certain improved real property consisting of approximately 10,507sf of real property located at 5410-14 La Palma Avenue, in the City of La Palma, County of Orange, State of California, more particularly described in the legal description attached hereto and incorporated herein as Exhibit “A” (“Property”). The term “Property” shall include any improvements located on the real property, all easements, licenses, and interests appurtenant thereto, and all development rights, governmental approvals, and land entitlements, utilized in conjunction with or in any way related to or appurtenant to such real property and improvements.

B. Pursuant to Health and Safety Code section 34191.5, Successor Agency prepared a Long Range Property Management Plan (the “LRPMP”). The LRPMP, which has been approved by the Oversight Board to the Successor Agency and by the California Department of Finance, provides for Successor Agency to transfer the Property to City for City’s subsequent commercial lease of the Property to a private entity.

C. The conveyance of the Property to City for City’s subsequent lease to a private entity, as provided for in this Agreement, and the fulfillment generally of this Agreement, are in the vital and best interest of the City and the welfare of its residents, and in accordance with the public purposes and provisions of applicable federal, state and local laws and requirements.

A G R E E M E N T

Based upon the foregoing Recitals, which are incorporated herein by this reference, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, City and Successor Agency agree as follows:

1. AGREEMENT TO TRANSFER. Subject to all of the terms, conditions, and provisions of this Agreement, Successor Agency agrees to transfer to City, and City agrees to accept from Successor Agency, the Property.

2. CONVEYANCE.

2.1 Conveyance Date. Successor Agency shall convey the Property to City within fifteen (15) days after the Effective Date (“Conveyance Date”).

2.2 Delivery and Recordation of Grant Deed. On the Conveyance Date, Successor Agency shall deliver to City the Grant Deed in the form attached hereto as Exhibit “B”, executed and acknowledged by Successor Agency. Upon receipt of the executed Grant Deed from

Successor Agency, City shall execute the Certificate of Acceptance attached to the Grant Deed and cause the Grant Deed to be recorded in the Official Records of Orange County, California.

3. MISCELLANEOUS.

3.1 Entire Agreement, Waivers, and Amendments. This Agreement incorporates all of the terms and conditions mentioned herein, or incidental hereto, and supersedes all negotiations and previous agreements between the parties with respect to all or part of the subject matter hereof. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the party to be charged. Any amendment or modification to this Agreement must be in writing and executed by City and Successor Agency.

3.2 Severability. If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way to the fullest extent permitted by law.

3.3 Execution in Counterpart. This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement binding on both parties hereto, notwithstanding that both parties are not signatories to the original or the same counterpart.

3.4 Exhibits. Exhibits “A” and “B” attached to this Agreement are incorporated herein by this reference and made a part hereof. Said Exhibits are identified as follows:

- “A” - LEGAL DESCRIPTION OF PROPERTY
- “B” - GRANT DEED

[End of Agreement – Signature page follows]

IN WITNESS WHEREOF, City and Successor Agency have entered into this Agreement as of the date first set forth above.

“City”

CITY OF LA PALMA,
a California municipal corporation

By: _____
City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM
RUTAN & TUCKER, LLP

City Attorney

“Successor Agency”

SUCCESSOR AGENCY TO THE DISSOLVED
COMMUNITY DEVELOPMENT COMMISSION
OF THE CITY OF LA PALMA, a public body,
corporate and politic

By: _____
City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM
RUTAN & TUCKER, LLP

Successor Agency Counsel

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

That certain real property located in the City of La Palma, County of Orange, State of California legally described as follows:

That portion of the Northeast Quarter of the Northwest Quarter of Section 9, Township 4 South, Range 11 West, in the City of La Palma, County of Orange, State of California, shown as Parcel 1 on a Map filed in Book 34, page(s) 24, of Parcel Maps, in the Office of the County Recorder of said County.

EXHIBIT “B”

GRANT DEED

[Attached]

RECORDED AT THE REQUEST OF
AND WHEN RECORDED MAIL TO:

City of La Palma
7822 Walker Street
La Palma, CA 90623
Attn: City Clerk

(Space Above For Recorder's Use)

The undersigned grantor(s) declare(s) that this transaction is exempt from the payment of a documentary transfer tax pursuant to Revenue and Taxation Code Section 11922.

This document is being recorded for the benefit of the City of La Palma and is exempt from payment of a recordation fee pursuant to Government Code Section 27383.

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the SUCCESSOR AGENCY TO THE DISSOLVED COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF LA PALMA, a public body, corporate and politic, hereby grants to the CITY OF LA PALMA, a California municipal corporation, that certain real property located in the City of La Palma, County of Orange, State of California, described in the legal description attached hereto as Exhibit "1" and incorporated herein by this reference.

SUCCESSOR AGENCY TO THE DISSOLVED
COMMUNITY DEVELOPMENT COMMISSION
OF THE CITY OF LA PALMA, a public body,
corporate and politic

Dated _____, 2014

By: _____
City Manager, City of La Palma

ATTEST:

City Clerk, City of La Palma

State of California)
County of Orange)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT "1" TO GRANT DEED
LEGAL DESCRIPTION OF PROPERTY

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