

Oversight Board of the Successor Agency
to the Redevelopment Agency of the City of Santa Cruz
809 Center Street
Santa Cruz, CA 95060



OVERSIGHT BOARD AGENDA

Regular Meeting

July 11, 2013

9:30 A.M. CONSENT AND GENERAL BUSINESS, COUNCIL CHAMBERS

Call to Order

Roll Call

- _____ Hilary Bryant, City of Santa Cruz Mayor
- _____ Neal Coonerty, Santa Cruz County Supervisor, District 3
- _____ J. Guevara, former Redevelopment Employee, Mid-Managers Association
- _____ Doug Ley, Parking District Representative
- _____ Cynthia Mathews, Public Member-at-Large
- _____ Mary Hart, Associate Superintendent, Santa Cruz County Office of Education
- _____ Rachael Spencer, Cabrillo College Trustee

Administrative Business

Welcome New Oversight Board Member Mary Hart

Presentations: Successor Agency and Legislative Update: Bonnie Lipscomb, Director of Successor Agency

Additions and Deletions

Consent Agenda

1. Approve Minutes for the February 28, 2013 Oversight Board Meeting

General Business

2. Tannery Arts Center - Space 110 EDA-approved Tenant Improvements Approval
Resolution to approve as Submitted.
3. Re-approve Outside Legal Counsel as a Recognized Debt Obligation

Resolution to approve as Submitted.

Oral Communications

Adjournment

Next Scheduled Meeting

Tentatively scheduled for September 26, 2013 at 9:30AM



E C O N O M I C D E V E L O P M E N T / S U C C E S S O R A G E N C Y

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July 8, 2013

Oversight Board to the Successor Agency of the City of Santa Cruz
337 Locust Street
Santa Cruz, CA 95060

**CONSENT AGENDA AND GENERAL BUSINESS RECOMMENDATIONS
FOR THE JULY 11, 2013, REGULAR MEETING OF THE OVERSIGHT BOARD**

Dear Oversight Board Members:

This letter serves as a comprehensive staff report to the Oversight Board of the Successor Agency of the City of Santa Cruz for all agenda items for the Regular Meeting of the Oversight Board on Wednesday, July 11, 2013.

Consent Agenda

2. Minutes of the February 28, 2013 Oversight Board Meeting

Recommended Action: Resolution to approve as submitted.

General Business

3. Tannery Arts Center - Space 110 EDA-approved Tenant Improvements Approval

Recommended Action: Resolution to approve resolution as submitted.

The State Department of Finance (DOF) approved \$447,104 for the Tannery Digital Media Center – Space 110 tenant improvements on Recognized Obligation Payment Schedule (ROPS) 13-14A (July 1, 2013 through December 31, 2013). No portion of Redevelopment Property Tax Trust Fund (RPTTF) monies will be used because the project is funded with previously approved Redevelopment Agency reserves as a grant match for the American Recovery and Reinvestment Act grant from the Economic Development Administration.

Staff recommends the Oversight Board approve authorizing Successor Agency staff to proceed with three limited contracts for the EDA grant. Since the Successor Agency is still in negotiations with the anchor tenant, staff has identified initial improvements that can be performed regardless of the space being rented, which will further improve the likelihood the anchor tenant will execute a long-term lease for Space 110. These three contracts include tenant improvements for the Digital Media Center – Space 110 as follows: 1) approximately \$90,000 to

install two high-speed 100 x 100 Mb/s (Megabits per second) fiber-grade fixed wireless Internet connections to Space 110 with the remaining connection to be shared amongst the Artist Studios; 2) \$20,000 for corresponding wiring in Space 110; 3) up to \$300,000 in basic tenant improvements including lighting, heating units, sound proofing, truss supports, and demising walls so an anchor tenant and potential sub-tenants may be secured within the current ROPS 13-14A period.

4. Re-approve Outside Legal Counsel as a Recognized Debt Obligation

Recommended Action: Resolution to approve resolution as submitted.

At the February 28, 2013 meeting the Oversight Board voted unanimously 6:0:1 (with Meza absent) to approve by resolution to retain outside legal counsel with attorney David Kahn utilizing a cost-sharing plan amongst all represented taxing agencies on the Oversight Board. The cost-sharing plan was a contingency should the Department of Finance (DOF) continue to deny outside legal counsel as a debt obligation. On April 18, 2013, the DOF recognized that the outside legal counsel is enforceable. However, DOF reclassified the cost as an additional \$10,000 administrative item in the ROPS 13-14A period. Staff recommends formally re-approving the recognized debt obligation so the Oversight Board may engage outside legal counsel without needing to proceed with the previously approved cost-sharing plan.

Sincerely,



Bonnie Lipscomb
Director of Economic Development

Oversight Board of the Successor Agency
to the Redevelopment Agency of the City of Santa Cruz
809 Center Street
Santa Cruz, CA 95060



DRAFT MINUTES OF THE OVERSIGHT BOARD MEETING

Regular Meeting

February 28, 2013

9:30 A.M. CONSENT AND GENERAL BUSINESS, COUNCIL CHAMBERS

Call to Order

Clerk Bren Lehr called the meeting to order at 9:30 a.m. in the Council Chambers.

Roll Call

Present: Board Members Bryant (arrived at 9:34 a.m.), Coonerty, Guevara, and Spencer; Vice Chair Ley, and Chair Mathews

Absent: Board Member Meza

Staff: Economic Development Director B. Lipscomb

Administrative Business

Presentation: Successor Agency Update: Bonnie Lipscomb, Director of Successor Agency

Additions and Deletions - NONE

Consent Agenda

1. Approve Minutes for the January 10, 2013 Oversight Board Meeting

Chair Mathews opened the public comment period. There were no speakers. Chair Mathews closed the public comment period.

ACTION 1 (9:31 a.m.): Motion by Coonerty, second by Spencer, and failed by a 3:2:2 vote (Spencer and Ley abstained; Bryant and Meza absent); the Consent Agenda was not approved.

ACTION 2 (9:34 a.m.): Motion by Coonerty, second by Bryant, and carried by a 4:1:2 vote (Spencer and Ley abstained; Meza absent); the Board Members approved the Consent Agenda.

General Business

2. Approve Recognized Obligation Payment Schedule 13-14A for the period July 1, 2013 through December 31, 2013

Resolution to approve as Submitted.

Chair Mathews opened the public comment period. There were no speakers. Chair Mathews closed the public comment period.

ACTION: Motion by Spencer, second by Guevara, and carried by a 6:0:1 vote (Meza absent); the Board Members adopted Resolution No. OBSA-9.

3. Approve Cost-Sharing Agreement amongst Taxing Entities for Outside Legal Counsel

Resolution to approve as Submitted.

Chair Mathews opened the public comment period. There were no speakers. Chair Mathews closed the public comment period.

ACTION: Motion by Ley, second by Spencer, and carried by a 6:0:1 vote (Meza absent); the Board Members adopted Resolution No. OBSA-10.

Oral Communications - NONE

Adjournment - At 9:35 a.m.

APPROVED: _____
Chair

ATTEST: _____
Clerk

RESOLUTION NO. OBSA-

RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE
FORMER REDEVELOPMENT AGENCY OF THE CITY OF SANTA CRUZ AUTHORIZING
TENANT IMPROVEMENT CONTRACTS FOR THE SPACE 110 DIGITAL MEDIA CENTER AT
THE TANNERY ARTS CENTER

WHEREAS, the Successor Agency to the former Redevelopment Agency has prepared pursuant to ABx1 26 and AB 1484 Recognized Obligation Payment Schedules (ROPS) and corresponding administrative budgets for each respective six-month period; and

WHEREAS, Health and Safety Code Section 34171 (d)(1)(C) clarifies and defines that “enforceable obligation” includes payments required by the federal government; and

WHEREAS, Health and Safety Code Section 34177.3 (b) allows successor agencies to create enforceable obligations to conduct the work of winding down the redevelopment agency, including hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance; and

WHEREAS, pursuant to a grant awarded by the Economic Development Administration (EDA) U.S. Department of Commerce in 2009, the former Redevelopment Agency has spent the grant award of \$4,766,250 for the rehabilitation and adaptive reuse of the former Salz Tannery as the Digital Media Center at the Tannery Arts Center and where the Successor Agency is contractually obligated under the grant agreement to complete the tenant improvements for the anchor tenant space in the Tannery Arts Center project; and

WHEREAS, the Oversight Board of the City of Santa Cruz Successor Agency approved on February 28, 2013 a series of EDA grant-related enforceable obligations for the Recognized Obligation Payment Schedule for 13-14A period totaling \$447,104 which includes funding for the completion of the tenant improvements at the Tannery Center Project; and

WHEREAS, the Department of Finance approved on April 18, 2013 the Digital Media Center as an enforceable obligation in the amount of \$447,104 for the Recognized Obligation Payment Schedule for the 13-14A period; and

WHEREAS, Space 110, which comprises the Digital Media Center, is an unimproved shell space that does not have basic infrastructure for a tenant to operate and fulfill the specific and general lease requirements of the EDA grant; and

WHEREAS, the market-rate rental of the Digital Media Center, a requirement of the EDA grant, is not possible without tenant improvements; and

WHEREAS, Successor Agency staff has identified three contracts to accomplish basic tenant improvements during the Recognized Obligation Payment Schedule 13-14A period; and

WHEREAS, a contract is required for approximately \$90,000 to install two high-speed 100 x 100 Mb/s (Megabits per second) fiber-grade fixed wireless Internet connections to Space 110 with the remaining connection to be shared amongst the other working Studios;

WHEREAS, a contract is required for approximately \$20,000 for corresponding wiring in Space 110; and

WHEREAS, a contract is required for up to \$300,000 in tenant improvements including lighting, heating units, sound proofing, truss supports and demising walls so an anchor tenant and potential sub-tenants may be secured within the current ROPS 13-14A period.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board to the Successor Agency of the former Redevelopment Agency of the City of Santa Cruz that the Oversight Board hereby approves granting Successor Agency staff the authority to negotiate and execute three contracts to achieve the basic tenant improvements in Space 110, the Digital Media Center, in accordance with the EDA grant requirements and the previously approved enforceable obligations in the Recognized Obligation Payment Schedule 13-14A.

PASSED AND ADOPTED this 11th of July, 2013, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Chair

ATTEST: _____
City Clerk Administrator

RESOLUTION NO. OBSA-

RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF SANTA CRUZ RE-APPROVING OUTSIDE LEGAL COUNSEL RECOGNIZED DEBT OBLIGATION COSTS TO THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF SANTA CRUZ

WHEREAS, the Successor Agency to the former Redevelopment Agency has prepared pursuant to ABx1 26 and AB 1484 Recognized Obligation Payment Schedules (ROPS) and corresponding administrative budgets for each respective six-month period; and

WHEREAS, Health and Safety Code Section 34177.3 (b) allows successor agencies to create enforceable obligations to conduct the work of winding down the redevelopment agency, including hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance; and

WHEREAS, the Oversight Board to the Successor Agency of the former Redevelopment Agency of the City of Santa Cruz amended and approved the Recognized Obligation Payment Schedule for January 1, 2013 to June 30, 2013 to include TEN THOUSAND DOLLARS (\$10,000) for potential Oversight Board legal counsel; and

WHEREAS, the Oversight Board to the Successor Agency of the former Redevelopment Agency of the City of Santa Cruz directed staff on August 23, 2012 to research and seek qualified legal professionals to potentially serve as independent legal counsel;

WHEREAS, the Oversight Board agreed by consensus at its October 11, 2012 meeting that taxing entities would share the potential cost of outside legal counsel if the California State Department of Finance does not allow the \$10,000 debt obligation on the ROPS for the period January 1, 2013 – June 30, 2013 (ROPS 3) or the ROPS for the period July 1, 2013 – December 31, 2013 (ROPS 4);

WHEREAS, the Oversight Board taxing entities agreed by consensus at its October 11, 2012 that cost-sharing is structured so that non-City taxing entities would pay their proportional share before the City would contribute to the additional outside legal counsel cost;

WHEREAS, the Oversight Board approved the retention of David Kahn as outside legal counsel to the Oversight Board at its regular meeting on December 13, 2012;

WHEREAS, the Oversight Board taxing entities have consulted with their respective agencies and have approved a cost-sharing agreement to retain outside legal counsel funding;

WHEREAS, the Oversight Board approved a cost-sharing plan on February 28, 2013 should the Department of Finance continue to deny the recognized debt obligation of securing outside legal counsel;

WHEREAS, the Department of Finance recognized on April 18, 2013 that Outside Legal Counsel is enforceable;

WHEREAS, the Department of Finance reclassified the Outside Legal Counsel debt obligation for ROPS 13-14A as “general administrative cost,” increasing the six-month total to \$135,000;

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board to the Successor Agency of the former Redevelopment Agency of the City of Santa Cruz that the Oversight Board hereby re-approves the debt obligation of retaining outside legal counsel as provided for in Health and Safety Code Section 34177.3 (b).

PASSED AND ADOPTED this 11th of July, 2013, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Chair

ATTEST: _____
City Clerk Administrator