COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager

Date: October 11, 2016
Board Meeting Date: October 18, 2016
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: John L. Maltbie, County Manager

Subject: Resolution authorizing an Agreement regarding distribution of sales proceeds in connection with transfer of real properties owned by the Successor Agency to the Redevelopment Agency of the City of South San Francisco

RECOMMENDATION:
Adopt a resolution authorizing the County Manager or his designee to execute an agreement with the City of South San Francisco and other affected taxing entities governing the distribution of sales proceeds from the sale of certain real properties owned by the Successor Agency to the Redevelopment Agency of the City of South San Francisco.

BACKGROUND:
On June 29, 2011, the Legislature passed legislation which, together with the California Supreme Court decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (collectively, the "Dissolution Law"), effectively dissolved redevelopment agencies in California. The former Redevelopment Agency of the City of South San Francisco was thus dissolved on February 1, 2012, and the Successor Agency to the Redevelopment Agency of the City of South San Francisco ("Successor Agency") became the owner of certain real properties located in the City of South San Francisco ("City") formerly owned by its predecessor.

Pursuant to the Dissolution Law, the Successor Agency prepared a Long Range Property Management Plan ("LRPMP") to provide for the disposition of all real assets owned by the Successor Agency. The operative LRPMP was approved by the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of South San Francisco ("Oversight Board") on May 21, 2015 and by the California Department of Finance ("DOF") on October 1, 2015. In addition to identifying the real property assets to be conveyed to third parties for immediate development or

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retained/transferred for a governmental use, the LRPMP identified fourteen properties ("Subject Properties") to be conveyed by the Successor Agency to the City for future redevelopment activities. With respect to the Subject Properties, both the Dissolution Law and the LRPMP require the affected taxing entities to enter into a "compensation agreement" to govern the distribution of the eventual sales proceeds. The LRPMP did not identify a definite timeline for the sale of any Subject Property.

DISCUSSION:

In June 2016, the City/Successor Agency provided the affected taxing entities with a form of Master Agreement for Taxing Entity Compensation ("Initial Agreement") to govern the distribution of sales proceeds for the Subject Properties that had been previously approved by the Oversight Board. The Initial Agreement was executed by the City and certain other taxing entities, but contained various provisions that County staff determined needed clarification. County staff has worked with the City to draft an amended agreement which addresses such items, including: (1) that rental income derived from the Subject Properties will be distributed to taxing entities in the same proportions as "Net Unrestricted Proceeds" to the extent that rental income exceeds permissible costs in a given year; (2) that the City shall prepare and distribute an annual accounting of the costs and revenues associated with each Subject Property; (3) that the Oversight Board must approve the sale price for any sale of a Subject Property; and (4) that the City, and not the County Controller, shall be responsible for collecting and distributing the Net Unrestricted Proceeds and any annual revenues from the Subject Properties.

The Successor Agency intends to present the Amended Agreement for approval to the Oversight Board as well as all affected taxing entities (including those who previously approved the Initial Agreement) in the coming weeks. Given the possibility that either the Oversight Board or another taxing entity may request minor or technical edits during the approval process, the County Manager requests the authority to execute an agreement substantially of the form of the Amended Agreement attached hereto, including any minor edits that may be proposed so long as said edits are consistent with the purposes discussed herein.

FISCAL IMPACT:

There is no Net County Cost associated with the Amended Agreement. The monies to be received by the County are dependent upon numerous factors including the eventual sale price of the properties, the properties' interim revenues, and the associated City management/sales costs.