

**PLACER COUNTY**  
**REDEVELOPMENT AGENCY**

**MEMORANDUM**

**TO:** Honorable Members of the Redevelopment Agency Board  
**FROM:** Richard E. Colwell, Chief Assistant CEO-Redevelopment Director  
Rae James, Deputy Director  
**DATE:** May 8, 2007  
**SUBJECT:** Adopt a Resolution Approving an Owner Participation Agreement with Auburn Plaza, LLC for the Auburn Plaza Development and the Hulbert Way Road Improvement Project and Authorize the Chief Assistant CEO-Redevelopment Director or Designee to Execute the Agreement and Related Documents Subject to Agency Counsel Review.



**ACTION REQUESTED**

Adopt a resolution approving an Owner Participation Agreement (OPA) with Auburn Plaza, LLC for the Auburn Plaza Development and the Hulbert Way Road Improvement Project and authorize the Chief Assistant CEO-Redevelopment Director or designee to execute the agreement and related documents subject to Agency Counsel review.

**BACKGROUND**

In March 2005, the Board of Supervisors (County Board) approved the application and receipt of a \$1,888,397 State of California, Community Development Over-the-Counter (CDBG) Block Grant for the Hulbert Way Road Improvement Project (Project). Additionally, in January 2006, your Board authorized the Redevelopment Agency (Agency) to apply for and receive a loan from the State of California Infrastructure and Economic Development Bank (IBank) in the amount of \$1,500,000 to support this Project.

On April 17, 2007, your Board approved an agreement between the Agency and the County Department of Public Works to manage the Project construction. In addition, on April 17, 2007, the County Board conducted a public hearing to adopt a development fee which, pursuant to CDBG requirements, will be imposed on eight parcels in proportion to the benefit they will receive from the Project. If the owners of the eight parcels pursue further development of their properties, they will repay a proportional share of the CDBG funds used to construct the Project. The attached map depicts the location of the Project and the parcels which have been deemed to receive a benefit from the Project.

The Project is located primarily along State Highway 49 between Luther Road and New Airport Road and consists of road widening, installation of turn lanes, drainage improvements, retaining walls, and a traffic signal. All improvements will be located within the public right-of-way. The Project is designed to comply with Caltrans specifications, County design standards, and requirements of other local and state permitting authorities. It is anticipated that construction of the Project will be completed in 2008.

This request is the last in a series of County Board and Agency Board actions required to implement the Project. The Project will facilitate the development of several vacant and underutilized parcels within the North Auburn Redevelopment Project Area along Highway 49, including the commercial Auburn Plaza project (Development). The Development will provide approximately of 75,000 square feet of new office, commercial, and retail space. Pursuant to CDBG funding requirements, the Development is required to create at least fifty-four (54) full time equivalent jobs.

This Board report requests authorization to enter into an Owner Participation Agreement (OPA) with Auburn Plaza, LLC (Property Owner), the owner of the property on which the Development will be constructed. An OPA is a contractual agreement entered into by and between a redevelopment agency and the owner of property located within a redevelopment project area. Typically, an OPA describes the project that will be developed, consistent with the redevelopment plan, the timeframe within which the project will be completed, any form of financial or other assistance that the redevelopment agency will provide, and additional requirements that apply to development of the property. The OPA for the Auburn Plaza Development outlines the roles and responsibilities of the Property Owner for the construction of the Development as required by the Agency's CDBG and IBank Project funding sources. This OPA is on file with the Clerk of the Board. The OPA includes the following key requirements:

- Bernard L. Magnussen, managing member of the Property Owner (Guarantor), is required to enter into a Payment Guaranty to ensure satisfaction of the CDBG funding source job creation requirements for the Development. The CDBG regulations require the Property Owner to create at a minimum fifty-four (54) full-time equivalent jobs by one year following the Agency's completion of the public improvement Project or October 31, 2008, whichever comes first. The Payment Guaranty provides that the Guarantor will fully repay the CDBG funds if the job-creation requirement is not satisfied.
- Pursuant to the April 17, 2007 County Board report establishing a Project development fee, the Property Owner's Project cost allocation is \$501,606. The OPA requires the Property Owner to pay the Agency \$300,000 in cash on the earlier of thirty (30) days following the effective date of the OPA or the date of issuance of Development building permits. The OPA also requires the Property Owner to enter into a Fair Share Allocation Loan Agreement and to execute a promissory note for the remaining portion of the Property Owner's Project cost allocation. The promissory note is secured by a deed of trust on the Property.
- The Property Owner shall construct Hulbert Way (East) and maintain it as a public road pursuant to requirements of the Agency's IBank financing.

**ENVIRONMENTAL STATUS**

The Planning Commission approved the Environmental Impact Report for Auburn Plaza (EIAQ 3697) on April 14, 2005. Proposed transportation improvements were approved as mitigation measures associated with Auburn Plaza. A Finding of No Significant Impact was determined under the National Environmental Policy Act (NEPA) for the Project. This administrative action to finance the Project does not constitute a project under California Environmental Quality Act guidelines, section 15378(b)(3), and is exempt from NEPA per 24 CFR Part 58.34 (a) (1) and (a) (3).

**FISCAL IMPACT**

The Agency has received a \$1,888,397 CDBG grant and an IBank loan in the amount of \$1,500,000 to support the Project. The IBank loan is amortized over a thirty (30) year period and debt service payments are paid for by Project Area tax increment proceeds. The OPA requires the Owner to pay the Agency \$501,606 which will further support the construction costs of the Project. The remaining funds for the Project are derived from previously budgeted North Auburn Redevelopment Project Area Tax Increment Funds and development fees. Any additional development fees received will be utilized by the Agency to support CDBG eligible program activities.

There is no impact to the County's General Fund.

**RECOMMENDATION**

Adopt a resolution approving an OPA with Auburn Plaza, LLC for the Auburn Plaza Development and Hulbert Way Road Improvement Project and authorize the Chief Assistant CEO-Redevelopment Director or designee to execute the agreement and related documents subject to Agency Counsel review.

Attachment:  
Resolution  
Exhibit A – Map

ON FILE WITH AGENCY CLERK  
Owner Participation Agreement  
Payment Guaranty  
Fair Share Loan Agreement

cc: Karin Schwab, Agency Counsel

**Before the Placer County  
Redevelopment Agency Board of Directors  
County of Placer, State of California**

**In the matter of:**

**Adopt a resolution approving an Owner Participation Agreement with Auburn Plaza, LLC for the Auburn Plaza Development and the Hulbert Way Road Improvement Project and authorize the Chief Assistant CEO–Redevelopment Director or designee to execute the agreement and related documents subject to Agency Counsel review.**

**Resol. No:.....**

**Ord. No:.....**

**First Reading: .....**

**The following Resolution was duly passed by the Redevelopment Agency Board of the County of Placer at a regular meeting held May 8, 2007,**

**by the following vote on roll call:**

**Ayes:**

**Noes:**

**Absent:**

**Signed and approved by me after its passage.**

**Attest:  
Clerk of said Board**

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**Chair, Agency Board**

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**WHEREAS, the Placer County Board of Supervisors adopted the Redevelopment Plan for the North Auburn Redevelopment Project Area (Project Area) by Ordinance No. 4832-B on June 24, 1997 (as subsequently amended, Redevelopment Plan); and**

**WHEREAS, the Agency is responsible for administering the Plan to effectuate redevelopment efforts within the Project Area; and**

WHEREAS, Auburn Plaza, LLC, a California limited liability corporation (Owner) owns certain real property located in the Project Area along State Highway 49 between Luther Road and New Airport Road and known as Placer County Assessor's Parcel No. 052-102-016 (Property); and

WHEREAS, the Owner intends to construct Auburn Plaza, a mixed-use development consisting of approximately 75,000 square feet of office, retail, and commercial uses (Development Project); and

WHEREAS, pursuant to the Redevelopment Plan, the Agency has authority to enter into agreements with the owners of real property located in the Project Area in order to provide for the development of such property in conformity with the Redevelopment Plan; and

WHEREAS, the Agency and the Owner desire to enter into an Owner Participation Agreement (OPA) regarding the Development Project to set forth their mutual understanding and agreement regarding redevelopment of the Property; and

WHEREAS, the Agency is administering on behalf of the County of Placer (County) a State of California Community Development Block Grant Over-The-Counter program grant (CDBG) for public improvements, and the Agency applied for and received a loan from the State of California Infrastructure and Economic Development Bank to finance the costs of the Hulbert Way road improvement project (Project); and

WHEREAS, the Project consists of road widening, turn lanes, installation of a traffic signal, drainage improvements, and retaining walls primarily along State Highway 49 between Luther Road and New Airport Road; and

WHEREAS, redevelopment of the Property pursuant to the OPA will serve Redevelopment Plan goals and objectives by eliminating blight and redeveloping an underutilized site in the Project Area; and

WHEREAS, the Project and the Development will assist in the elimination of blight in that they will attract new commercial activity and create new jobs in the Project Area; and

WHEREAS, the Project and the Development are consistent with the goals and objectives of the Redevelopment Plan and the Implementation Plan adopted in connection therewith, including the goals of assisting the development of underdeveloped or poorly developed areas that are underutilized or improperly utilized, and improving access and circulation within the Project Area; and

WHEREAS, as a condition of receipt of the CDBG funds, the County conducted a public hearing on April 17, 2007 to adopt a development fee to allocate the cost of the Project among benefited property pursuant to a Fair Share Allocation Plan (Allocation Plan); and

WHEREAS, the Allocation Plan describes the methodology used to calculate the proportional obligation that each property owner within the area of benefit for the Project will have to repay the CDBG funds used to construct the Project; and

WHEREAS, pursuant to the Allocation Plan, the Owner shall pay the Agency \$300,000 and enter into Fair Share Allocation Loan Agreement for the remaining portion of the Owner's obligation pursuant to the Allocation Plan; and

WHEREAS, the Agency has determined that the public interest and necessity require renewed development and occupancy in the Project Area, that the Project is planned and located in a manner that will be most compatible with the greatest public good and the least private injury, and that the Project could not occur without redevelopment assistance; and

WHEREAS, on January 10, 2006, the Board of Supervisors and Redevelopment Agency Board adopted the findings required by Section 33445 of the Community Redevelopment Law to permit the Agency to use tax increment funds to assist in paying for the cost of the Project; and

WHEREAS, the Planning Commission of the County approved the Environmental Impact Report for the Auburn Plaza project (EIAQ-3697) on April 14, 2005 in which the Project was determined to satisfy needed mitigation measures to the Auburn Plaza development. Findings of No Significant Impact were determined for the Project under National Environmental Policy Act (NEPA) guidelines; and

WHEREAS, the administrative action to finance the Project does not constitute a project under California Environmental Quality Act Guidelines, Section 15378(b)(3), and is exempt from NEPA per 24 CFR Part 58.34(a)(1) and (a)(3).

NOW, THEREFORE, BE IT RESOLVED by the Agency Board that the findings set forth in this Resolution, including but not limited to the environmental findings regarding this action, after due consideration of the facts stated herein and in the staff report accompanying this resolution, are hereby approved.

BE IT FURTHER RESOLVED by the Agency Board that the OPA is approved, and the Chief Assistant CEO-Redevelopment Director or designee is authorized to execute the OPA and all related documents substantially in the forms on file with the Agency Clerk, subject to Agency Counsel review.

BE IT FURTHER RESOLVED by the Agency Board that pursuant to the Owner Participation Agreement, the Agency is authorized to accept a \$300,000 cash payment and a promissory note from Auburn Plaza, LLC to support the construction costs of the Project.

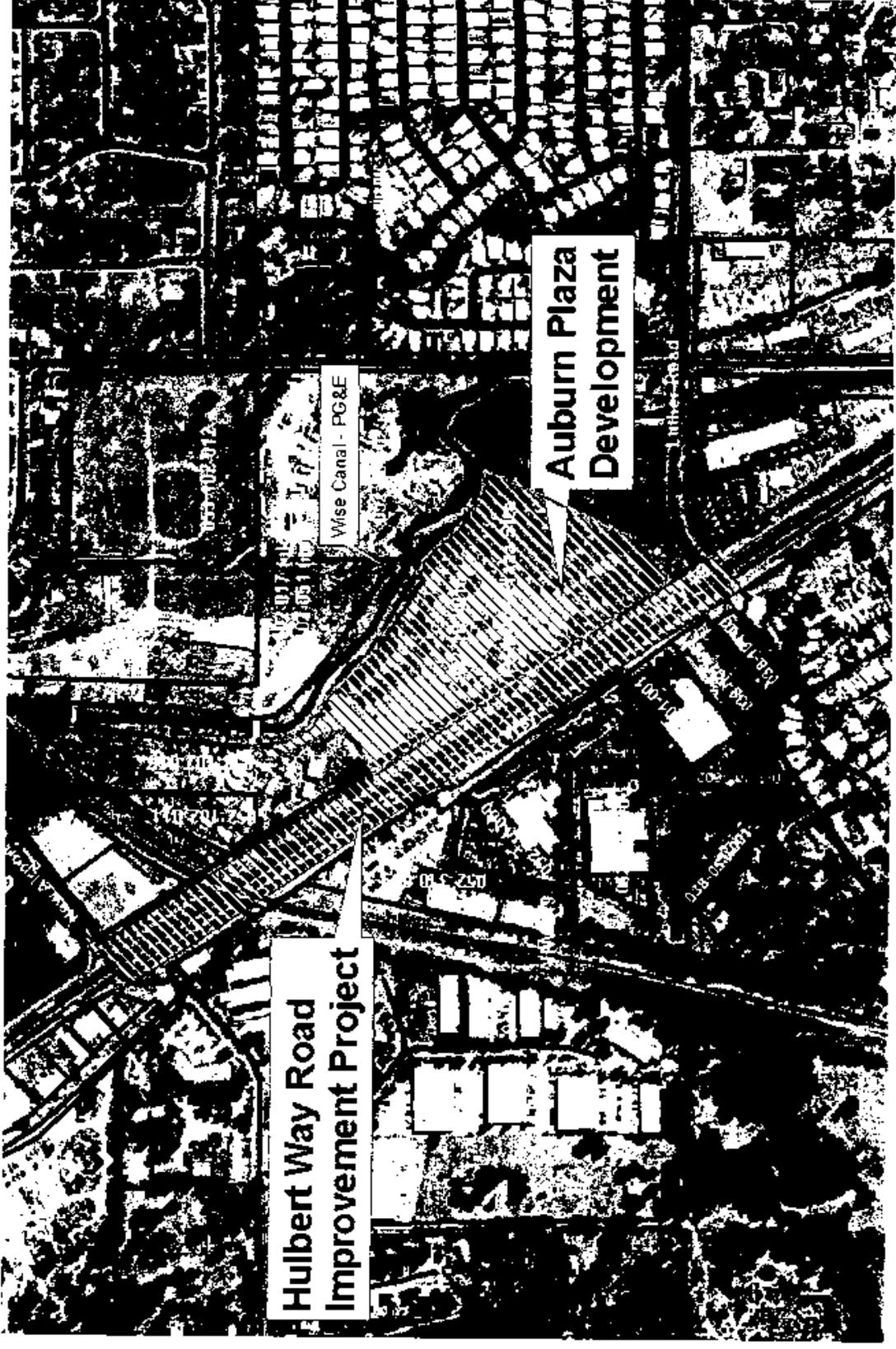
BE IT FURTHER RESOLVED by the Agency Board that the Payment Guaranty by Bernard L. Magnussen is approved. and the Chief Assistant CEO-Redevelopment Director or designee is authorized to accept the Payment Guaranty substantially in the form on file with the Agency Clerk, subject to Agency Counsel review.

BE IT FURTHER RESOLVED by the Agency Board that the Fair Share Loan Agreement and Deed of Trust are approved and the Chief Assistant CEO-Redevelopment Director or designee is authorized to execute the agreements to which the Agency is a party and to cause the Deed of Trust

to be recorded in the Official Records of the County substantially in the form on file with the Agency Clerk, subject to Agency Counsel review.

BE IT FURTHER RESOLVED by the Agency Board that the Chief Assistant CEO-Redevelopment Director or designee is hereby authorized to execute such other instruments and to take such other actions as reasonably necessary to carry out the intent of this Resolution.

BE IT FURTHER RESOLVED by the Agency Board that this Resolution shall become effective immediately upon adoption.



# Auburn Plaza



Exhibit A