

PLACER COUNTY
REDEVELOPMENT AGENCY

MEMORANDUM

TO: Honorable Members of the Redevelopment Agency Board
FROM: Rich Colwell, Chief Assistant CEO--Redevelopment Director
Rae James, Deputy Director
DATE: April 3, 2007
SUBJECT: Adopt a Resolution and Findings Authorizing the Purchase of 8776-8784 North Lake Boulevard, Kings Beach for \$850,000 Plus Related Escrow Costs, Approve the Required Budget Revision in the amount of \$1,450,000, and Authorize the Chief Assistant CEO--Redevelopment Director or Designee to Sign all Documents Subject to Agency Counsel Review.

ACTION REQUESTED

Adopt a resolution and findings authorizing the purchase of 8776-8784 North Lake Boulevard, Kings Beach for \$850,000 plus related escrow costs, approve the required budget revision in the amount of \$1,450,000, and authorize the Chief Assistant CEO--Redevelopment Director or designee to sign all documents subject to Agency Counsel review.

BACKGROUND

On June 27, 2006, your Board authorized the Redevelopment Agency (Agency) to take several actions regarding negotiating the purchase and cleanup of 8776-8784 North Lake Boulevard, in Kings Beach (Site). The Site is owned by NLB 8784 LLC., Eric Ronning, manager. The Site, a former service station, is located on the south side of Highway 28/North Lake Boulevard, directly west of Chipmunk Street in Kings Beach (see Attachment A: Map). Your Board also approved the Agency entering into a work plan with environmental engineers, LFR Levine Fricke (LFR), to perform an environmental assessment of the Site.

Since that time, the Agency has conducted extensive due diligence and is satisfied that purchase of the subject property meets redevelopment goals and objectives for the area. The negotiated purchase price is supported by a formal appraisal of the property. While the Site is known to contain some level of contamination and is under the enforcement jurisdiction of the Lahontan Water Quality Control Board, the remaining cleanup is considered modest. A purchase and sale agreement is on file with the Clerk of the Board. It is requested that the land purchase be approved and added to the Agency's Master Fixed Asset List.

After acquisition, the Agency intends to demolish all remaining structures on the Site and re-engage remediation activities, which include groundwater monitoring, shallow soil sampling, and installing new groundwater monitoring wells. Agency staff will apply for other funding sources to facilitate

with the cost of Site remediation. After the cleanup is complete, the Agency will seek to sell the Site and recover all its costs. The Agency intends to solicit developers and adjacent property owners who have an interest in owning and developing this Site and its adjoining parcels under a master design plan.

California Redevelopment Law (Health and Safety Code Section 33445) requires that your Board make certain findings for the purchase of land. First, a finding must be made that the purchase of land is of benefit to the Project Area or the immediate neighborhood in which the Project is located. The purchase of the land will facilitate the removal of blighting influences and engage cleanup activities on Site to remove impediments to development. Second, a finding must be made that there are no other reasonable means of financing the acquisition. Staff has determined that there are no other sources of funding available at this time to facilitate with Site acquisition. Finally, a finding must be made that acquisition of the Site will assist in the elimination of one or more blighting conditions inside the Project Area and is consistent with the Project Area Implementation Plan adopted pursuant to Health and Safety Code Section 33490. The Site acquisition will help remove adverse environmental conditions and demolish old and outdated structures to facilitate new development opportunities.

ACQUISITION KEY ELEMENTS

Listed below are key elements of the acquisition:

- **Price:** The agreed upon purchase price is \$850,000 plus escrow closing costs. The Agency negotiated for the property in "As-Is" condition. The Site contains land coverage, commercial floor area, and development rights which are marketable commodities and may be held by the Agency for future development opportunities.
- **Environmental:** Since 2003, the Site has seen substantial remediation activities. The current state of contamination has been evaluated and is determined, to be within the Agency's capability. Agency staff will work with Lahontan Water Quality Board and LFR to develop a workplan to complete cleanup activities.
- **Due Diligence:** Staff has secured a preliminary title report. The Agency will obtain an ALTA title insurance policy and the appropriate environmental site assessment prior to closing. A full appraisal was conducted on the property. The purchase agreement contains a feasibility period of 25 days from the effective date, to complete any remaining due diligence prior to property transfer.
- **California Environmental Quality Act:** Agency acquisition of property is exempt from review under the California Environmental Quality Act (CEQA) guideline, Section 15180, for redevelopment projects that fall under the Agency's planned activities. This action, as noted, is consistent with the North Lake Tahoe Redevelopment Plan (Plan), which received environmental approval at the time of the Plan adoption.
- **Operational & Maintenance Expenses:** Upon acquisition, the Agency will incorporate the Site into its fixed asset list. The Agency will be responsible for maintenance of the Site until conveyed to a third-party developer.

FISCAL IMPACT

A budget revision in the amount of \$850,000 for the purchase and related costs is attached. The action will require a budget revision in the amount of \$1,450,000 to the Agency's FY'06-07 Budget (see Attachment B–Budget Revision). The sources of funds consist of a Wells Fargo Community Reinvestment Act loan in the amount of \$600,000, subject to your Board approval of a separate item on this agenda, and \$250,000 of budgeted capital tax increment reserves. There will be no impact to the County General Fund.

ENVIRONMENTAL STATUS

Property acquisition in furtherance of the Plan is exempt from environmental review per California Environmental Quality Act guidelines, section 15180. In addition, the proposed action to acquire land does not commit the Agency to a definite course of action. The proposed action is not a federal undertaking under National Environmental Policy Act guidelines.

RECOMMENDATIONS

Adopt a resolution and findings authorizing the purchase of 8776-8784 North Lake Boulevard, Kings Beach for \$850,000 plus related escrow costs, approve the required budget revision in the amount of \$1,450,000, and authorize the Chief Assistant CEO-Redevelopment Director or designee to sign all documents subject to Agency Counsel review.

Attachment A: Map

Attachment B: Budget Revision

cc: Sabrina Thompson, Agency Counsel

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

In the matter of:

Adopt a resolution and findings authorizing the purchase of 8776-8784 North Lake Boulevard, Kings Beach for \$850,000 plus related escrow costs, approve a budget revision to the Redevelopment Agency FY 2007 Budget in the amount of \$1,450,000, and authorize the Chief Assistant CEO-Redevelopment Director or designee to sign all documents subject to Agency Counsel review.

Resol. No.

Ord. No.

First Reading.....

The following Resolution was duly passed by the Redevelopment Agency Board of Directors of the County of Placer at a regular meeting held April 3, 2007, by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

**Attest:
Clerk of said Board**

Chair, Redevelopment Agency Board

WHEREAS, by Ordinance No. 4753-B adopted on July 16, 1996, the Board of Supervisors of the County of Placer has adopted the Redevelopment Plan for the North Lake Tahoe Project Area (Project Area); and

WHEREAS, the Redevelopment Agency of the County of Placer (Agency) is vested with responsibility pursuant to the Community Redevelopment Law (Part I of Division 24 of the

Health and Safety Code of the State of California) (Law) to implement the Redevelopment Plan in the Project Area; and

WHEREAS, the Agency intends to purchase certain real property within the Project Area (Property) to facilitate with site assemblage for new development opportunities; and

WHEREAS, Agency assistance in acquisition of the Property and in funding environmental remediation is contemplated and provided for in Section 308 of the Redevelopment Plan adopted pursuant to Section 33490 of the Law; and

WHEREAS, by staff report accompanying this Resolution and incorporated herein by this reference (Staff Report), the Agency has been provided with additional information upon which the findings and actions set forth in this Resolution are based.

NOW, THEREFORE, BE IT RESOLVED THAT, based on information presented to the Board of Supervisors and the Agency and in compliance with the requirements of Section 33445 of the Law, the Agency finds and determines as follows:

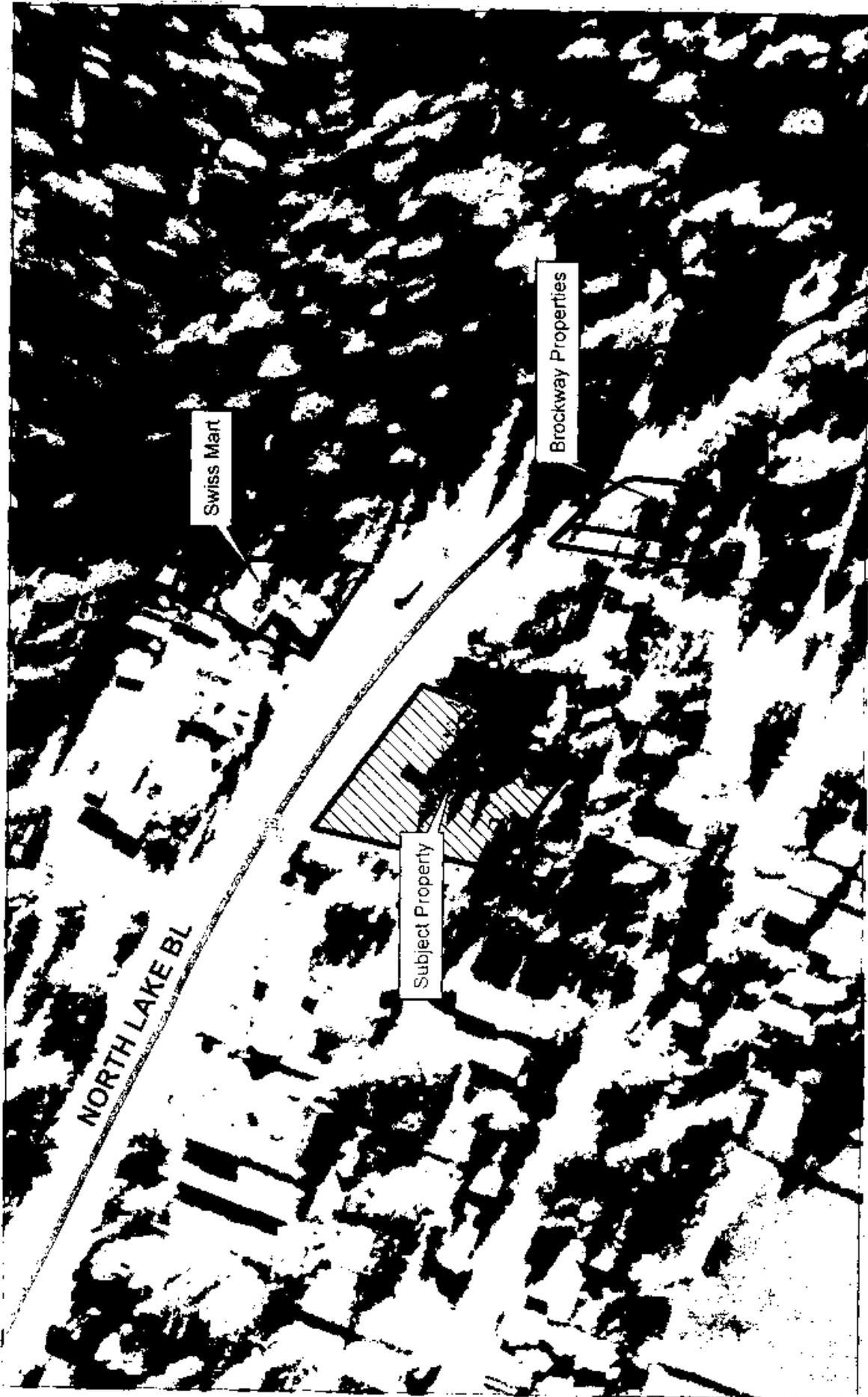
1. All of the above recitals are true and correct, and the Agency has based the findings and actions set forth in this Resolution, in part, on such recitals.

2. The Agency Board hereby finds and determines that (a) Agency assistance for acquisition of the Property for site assemblage will be of benefit to the Project Area; (b) no other reasonable means of financing the acquisition of the Property and the remediation of environmental deficiencies are available to the community; and (c) the payment of Agency funds for the acquisition of the Property (i) will assist in the elimination of one or more blighting conditions in the Project Area and (ii) is consistent with the Implementation Plan adopted by the Agency pursuant to Section 33490 of the Law. A summary of the factual and analytical basis used by the Agency in making these findings and determinations is set forth in the Staff Report.

3. The Agency Board approves the payment by the Agency of \$850,000 plus related escrow expenses for the cost of acquiring the Property and authorizes amendment of the Agency's master fixed asset list to include the Property.

4. The Agency Board hereby authorizes the Chief Assistant CEO-Redevelopment Director or designee to sign the attached Purchase and Sale Agreement and Joint Escrow Instructions and all related escrow documents pursuant to the Purchase and Sale Agreement and Joint Escrow Instructions, and to take such actions and execute such other documents as are appropriate to effectuate the intent of this Resolution subject to review by Agency Counsel.

5. This Resolution shall take immediate effect from and after its passage and approval.



Ronning Property
Kings Beach
8776 - 8784 North Lake Blvd.

PAS DOCUMENT NO.

PLACER COUNTY

BUDGET REVISION

Cash Transfer Required
 Auditor-Controller
 Reserve Cancellation Required 995051 2420/546000
 County Executive
 Establish Reserve Required *250,000.00*
 Board of Supervisors

POST DATE:

| | | | |
|----------|----------|-----------------|-------------|
| DEPT NO. | DOC TYPE | Total \$ Amount | TOTAL LINES |
| 85 BR | | 1,450,000.00 | 2 |

| ESTIMATED REVENUE ADJUSTMENT | | | | | | | | | | APPROPRIATION ADJUSTMENT | | | | | | | | | | | |
|------------------------------|-----|-----|------|----------|-------|-----|-------|-------|----------|--------------------------|----------|-----|-----|------|----------|-------|------|-------|-------|----------|--------------|
| DEPT NO. | T/C | Rev | Fund | Sub Fund | OCA | FCA | OBJ 3 | PROJ. | PROJ DTL | AMOUNT | DEPT NO. | T/C | Rev | Fund | Sub Fund | OCA | FCA | OBJ 3 | PROJ. | PROJ DTL | AMOUNT |
| 85 | 006 | 505 | 100 | 995051 | NOTAH | | 8953 | | | 600,000.00 | 85 | 014 | 505 | 100 | 995051 | NOTAH | 4001 | | | | 850,000.00 |
| | | | | | | | | | | TOTAL | | | | | | | | | | | TOTAL |
| | | | | | | | | | | 600,000.00 | | | | | | | | | | | 850,000.00 |

REASON FOR REVISION: The Agency is entering into an agreement to purchase land in Kings Beach (APN) that was not budgeted. The Agency also received a loan from Wells Fargo for the purchase of this property, and will need to cancel \$250,000 from the Capital Reserve (GL 2420/546000) to cover the cost of purchase.

Prepared by Coreo Rounfree Ext 3161 Date: 3/8/07
 Department Head _____
 Board of Supervisors _____

