

REDDING REDEVELOPMENT AGENCY
Special Meeting, 6:00 p.m.
Tuesday, September 7, 2010
City Council Chambers
777 Cypress Avenue
Redding, California

MINUTES

Chair McArthur called the Special Meeting to order at 7:16 p.m., with the following Agency Members present: Bosetti, Dickerson, Jones, and Stegall.

Also present were City Manager Starman, City Attorney Duvernay, Assistant City Manager Tippin, Director of Development Services Hamilton, Director of Public Works Crane, Assistant City Attorney Frediani, Police Chief Hanson, Director of Community Services Niemer, Director of Electric Utility Hauser, Director of Finance Strong, Assistant to the City Manager Clark, Redevelopment Manager Thompson, Associate Redevelopment Project Coordinator Rudolph, and City Clerk Mize.

MEMORANDUM OF UNDERSTANDING WITH THE JUDICIAL COUNCIL OF CALIFORNIA, ADMINISTRATIVE OFFICE OF THE COURTS - re: A new downtown courthouse in Redding and associated budget amendment

(R-030-145-010)

City Manager Starman provided an overview of the Report to Redevelopment Agency (Agency) dated August 25, 2010, incorporated herein by reference, regarding a request by the Judicial Council of California, Administrative Office of the Courts (AOC) to enter into a Memorandum of Understanding (MOU) to facilitate development of a new downtown courthouse.

Mr. Starman recalled that in November 2009, the Agency's Board of Directors (Board) authorized the Chair to forward a non-binding Letter of Intent (LOI) to the AOC relative to a new \$200 million Redding courthouse. He noted that the AOC's preferred site is the Oregon Street site in Downtown which will require assemblage of properties owned by Shasta County (County), as well as a number of privately-owned parcels. Mr. Starman further noted that under the terms of the LOI, the Agency agreed to help the AOC purchase and assemble the privately-owned parcels.

Mr. Starman explained that four of the privately-owned parcels are improved. The improvements include office uses, a delicatessen, and an apartment above the delicatessen. The County is in the process of vacating one of the office properties. The remaining properties are occupied. Pursuant to State law, displaced occupants of a property acquired for a public purpose are entitled to receive relocation assistance, including advisory services and relocation benefits. Accordingly, the Agency retained a professional relocation consulting firm, Autotemp, to provide a preliminary cost analysis of the relocation obligation that could be anticipated if acquisition of the privately owned parcels moves forward. He noted that the estimated relocation costs, inclusive of professional services to carry out relocation activities, is \$560,000.

Additionally, Mr. Starman explained that over the last several months, staff and the AOC have been working on developing a binding MOU to further clarify the roles of the respective parties in regard to acquiring the privately-owned parcels. Concurrently, he explained that the AOC has been working with the County on a separate MOU regarding acquisition of the County-owned parcels.

Mr. Starman stated that, as drafted, the Agency's obligations under the proposed MOU are as follows: (1) Extend offers to purchase and negotiate purchase and sale agreements with the private property owners. The purchase and sale agreements would be in a format designated by the AOC and contain terms and conditions acceptable to the AOC; (2) Meet and confer with the AOC if all purchase and sale agreements are not negotiated within 90 days; (3) Obtain signed purchase and sale agreements for all of the privately-owned parcels by January 1, 2011; (4) Assign executed purchase and sale agreements to the AOC when all purchase and sale agreements have been executed; (5) Plan and carry out relocation assistance, subject to reimbursement by the AOC; and (6) Cooperate in the State Public Works Board (SPWB) process. Mr. Starman noted that the Agency will not be responsible for property acquisition costs.

Mr. Starman further stated that the AOC's obligations under the proposed MOU are as follows: (1) Conduct all due diligence investigations; (2) Seek acquisition approval from the SPWB within 90 days of the Agency securing all private property purchase agreements; (3) Subject to SPWB acquisition approval, assume the purchase and sale agreements from the Agency; (4) Subject to SPWB acquisition approval, reimburse the Agency for out-of-pocket property acquisition expenses, including appraisal costs, and for relocation assistance costs in an amount not-to-exceed \$560,000; (5) Subject to SPWB acquisition approval, pay property acquisition costs, including purchase price not-to-exceed fair market value, title and escrow fees, and cost of due diligence; (6) Be solely responsible for the California Environmental Quality Act process; and (7) Subject to SPWB acquisition approval and assumption of the purchase and sale agreements, close escrow by July 1, 2011.

It was recommended that the Agency's Board approve the MOU between the AOC and adopt a budget amendment appropriating funding in the amount of \$600,000 for relocation assistance costs associated with the Project.

Judge Stephen Baker, Presiding Judge for the Shasta County Superior Court, thanked the Agency's Board and staff for their efforts in procuring the site for the new courthouse in Shasta County. He noted that Shasta County Superior Court is one of the busiest courts in the entire State, with 60,000 cases filed each year. He indicated that the courtrooms are currently scattered with five in the courthouse, four in the annex, one in juvenile hall, one in a modular building, and two in the bottom of the jail facility. He noted that the current courthouse is one of the most inferior in the state and, using a rating scale of one to 80, with 80 being the worst, Shasta County scored 76 due to deficiencies associated with security, space, and the structure's integrity. Mr. Baker explained that Senate Bill 1407 addresses the need for new facilities by providing \$5 billion in funding through lease revenue bonds, and out of that amount, Shasta County has been allocated \$211 million. He further explained that Shasta County's need has been deemed an immediate need, therefore, has not yet been affected by the State's budget situation. The new 173,000-square-foot facility will allow for all operations to be consolidated into one secure location.

In response to Agency Member Dickerson, Mr. Starman stated that the Agency's funds could potentially be at risk once offers are extended should the AOC decide to change locations, as relocation assistance would be vested. He noted the possibility that the Agency may need to use friendly condemnation, thereby providing certain tax advantages to the property owners. He stressed that this is an amicable arrangement and not condemnation in the typical sense.

In response to Agency Member Bosetti, Mr. Starman confirmed that the funding source for the project was not the State's General Fund. He stated that, to date, the response from the property owners has been positive. He believed three of the owners to be motivated sellers, with one being reluctant, but did not want to be an impediment to the project.

Charles Alexander urged the Board to approve staff's recommendation, thereby allowing the courthouse project to proceed.

In response to Agency Member Jones, City Attorney Duvernay did not see any legal issues with utilizing tax increment funding from the Market Street Redevelopment Project for this activity. Mr. Starman explained that the Agency would not be expending any funds for the actual purchase of the properties, as the agreements would be assigned to the AOC prior to escrow closing. He noted that the only risk to the Agency would be the possibility of not recouping funding expended for relocation assistance should the project not move forward at this location, as relocation obligations would vest at the time offers are extended to the property owners.

Chair McArthur questioned whether the process could be expedited. Mr. Starman noted that the MOU indicates that all property transactions need to be consummated no later than June 30, 2011, but staff was working as quickly as possible to ensure that the project moves forward in a timely manner.

Chair McArthur related that both Viva Downtown and the Downtown Redding Business Association see the need to ensure the courthouse remains downtown, so as not to create another blight situation within the Downtown area.

MOTION: Made by Agency Member Dickerson, seconded by Agency Member Bosetti, to approve the Memorandum of Understanding with the Judicial Council of California, Administrative Office of the Courts and adopt Budget Amendment No. 1 for Fiscal Year 2010-11 appropriating funding in the amount of \$600,000 for relocation costs associated with a new downtown courthouse.

Voting was as follows:

AYES: Agency Members: Bosetti, Dickerson, Jones, Stegall, and McArthur

NOES: Agency Members: None

ABSTAIN: Agency Members: None

ABSENT: Agency Members: None

ADJOURNMENT

There being no further business, at the hour of 7:47 p.m., Chair McArthur declared the meeting adjourned.

Respectfully submitted,

MISSY MCARTHUR, Chair

BARRY TIPPIN, Secretary