

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
BOARD ACTION SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA #: \*B-7

AGENDA DATE: June 28, 2016

**SUBJECT:**

Approval to Enter into a Master Agreement for Taxing Entity Compensation with the City of Ceres as Part of the Dissolution of the Former Ceres Redevelopment Agency

**BOARD ACTION AS FOLLOWS:**

No. 2016-333

On motion of Supervisor Withrow, Seconded by Supervisor Chiesa  
and approved by the following vote,

Ayes: Supervisors: Chiesa, Withrow, DeMartini, and Vice-Chairman O'Brien

Noes: Supervisors: None

Excused or Absent: Supervisors: Chairman Monteith

Abstaining: Supervisor: None

- 1)  Approved as recommended
- 2)  Denied
- 3)  Approved as amended
- 4)  Other:

MOTION:

ATTEST: Elizabeth A. King  
ELIZABETH A. KING, Clerk of the Board of Supervisors

File No. C-2-C-13

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
AGENDA ITEM**

DEPT: Chief Executive Office  
Urgent  Routine

BOARD AGENDA #: \*B-7

AGENDA DATE: June 28, 2016

CEO CONCURRENCE:



4/5 Vote Required: Yes  No

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**SUBJECT:**

Approval to Enter into a Master Agreement for Taxing Entity Compensation with the City of Ceres as Part of the Dissolution of the Former Ceres Redevelopment Agency

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**STAFF RECOMMENDATIONS:**

Authorize the Chief Executive Officer or his designee to sign the Master Agreement for Taxing Entity Compensation on behalf of the County of Stanislaus, County Fire Service and Tempo Park Lighting District.

**DISCUSSION:**

The City of Ceres Redevelopment Agency was responsible for the administration of redevelopment activities within the City with a Project Area that included various types of land improvements. In 2011, the State Legislature approved the dissolution of all of the Redevelopment Agencies in the state. Successor Agencies were then established to facilitate the wind-down process and manage different tasks including the disposal of redevelopment assets. Supervising the Successor Agency's work is an Oversight Board which has a fiduciary responsibility to holders of enforceable obligations and local agencies who receive property tax distributions from the former redevelopment project area.

Two sites formerly owned by the Ceres Redevelopment Agency will be transferred by its Successor Agency to the City of Ceres (the City) for future development. The sites are located at 2912 4<sup>th</sup> Street and 3004 and 3012 5<sup>th</sup> Street in Ceres. The 4<sup>th</sup> Street site is a vacant commercial property and the 5<sup>th</sup> Street site is residential properties located on two adjoining parcels. The City's 2013 Long Range Property Management Plan (LRPMP), which the California Department of Finance approved by letter on September 4, 2015, states the two sites will be sold at a future date. Due to the future sale of this property, Health and Safety Code Section 34191.5(c)(2)(A)(iii) states that prior to transferring the sites to the City, the Oversight Board to the Successor Agency may require the City to enter into an agreement with the taxing entities which addresses the disposition of the two sites and provides for the payment of the proceeds from the sale of the sites to the affected taxing entities. The proceeds of the future sale will be distributed as property tax to the taxing entities.

The City prepared the Master Agreement for Taxing Entity Compensation (Compensation Agreement) referenced in Health and Safety Code. The Compensation Agreement establishes the procedures the City must follow for the sale of the two sites for future development. Additionally, it establishes that the City will remit the net unrestricted proceeds from the sale of the sites to the Stanislaus County Auditor-Controller for distribution to the taxing entities within

## Approval to Enter into a Master Agreement for Taxing Entity Compensation with the City of Ceres as Part of the Dissolution of the Former Ceres Redevelopment Agency

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the former Redevelopment Agency area in accordance with each taxing entity's pro rata share of the Tax Base.

The vacant commercial property located at the 4<sup>th</sup> Street site was purchased by the Ceres Community Redevelopment Agency (Agency) in 2008 for \$135,000. The current estimated value of this site, as stated in the LRPMP, is \$79,000. The Agency purchased the residential properties located at the 5<sup>th</sup> Street site in 2008 for a total of \$275,000. The current estimated value for this site is \$51,000, as stated in the LRPMP. It should be noted the estimated values for the sites are planning numbers and should not be relied upon as a basis for actual value. The real value of the properties cannot be determined without an appraisal and the actual sales prices are to be determined.

Stanislaus County's pro rata share of the future sale is approximately 11% of the net sales price. Based on the estimated value of \$130,000, the County's share would be approximately \$14,000. However, once factoring in the costs incurred by the City for the management and disposition of the sites, the County's share could be less. According to the LRPMP, the proposed sale dates for the two sites are to be determined.

In addition to Stanislaus County, agreements were received for the County Fire Service and Tempo Park Lighting District which fall under the County's purview. The County Fire Service implements the annual Stanislaus County Fire Authority Business Plan, which is a cooperative relationship among county fire agencies and is funded by property taxes collected to provide fire service activities. The County Fire Service pro rata share of the future sale is approximately 0.56% valued at roughly \$730 based on the estimated values. The Tempo Park Lighting District is a special district governed by the Board of Supervisors that provides lighting improvements. The Tempo Park Lighting District was located in the redevelopment agency boundaries when it was formed, but has since been detached and would not receive a share of the proceeds.

### **POLICY ISSUE:**

Board of Supervisors authority is needed to enter into a Compensation Agreement which will allocate prospective revenue associated with the disposition of two sites formerly owned by the Ceres Redevelopment Agency.

### **FISCAL IMPACT:**

There is no immediate fiscal impact associated with this item. If the sites are sold at the current combined estimated value of \$130,000, the County's and County Fire Service combined pro rata share of 11.56% is approximately \$14,730, less costs incurred by Ceres for the management and disposition of the sites. The actual amount distributed to the County and County Fire Service will vary from what is stated based on the final sales price.

Approval to Enter into a Master Agreement for Taxing Entity Compensation with the City of Ceres as Part of the Dissolution of the Former Ceres Redevelopment Agency

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<b>Cost of recommended action:</b>		\$	-
<b>Source(s) of Funding:</b>			
Disposition of Sites	14,730		
<b>Funding Total:</b>		\$	14,730
<b>Net Cost to County General Fund</b>		\$	(14,730)

<b>Fiscal Year:</b>	TBD
<b>Budget Adjustment/Appropriations needed:</b>	No

**Fund Balance as of 5/31/16** N/A

**BOARD OF SUPERVISORS' PRIORITY:**

Approval of this action is in support of the Board's priority of Efficient Delivery of Public Services.

**STAFFING IMPACT:**

The agreement calls for the City of Ceres to remit the proceeds of the sale to the Stanislaus County Auditor-Controller for distribution. This task will be accomplished with existing department staff.

**CONTACT PERSON:**

Keith D. Boggs, Assistant Executive Officer Telephone – (209) 525-6333  
 Patrick Cavanah, Management Consultant Telephone – (209) 525-6333

**ATTACHMENT(S):**

Master Agreement for Taxing Entity Compensation

## MASTER AGREEMENT FOR TAXING ENTITY COMPENSATION

(City of Ceres)

This Master Agreement for Taxing Entity Compensation (this “**Agreement**”), dated for reference purposes as of June 28, \_\_\_\_\_, 2016, is entered into by and among the following public agencies (all of which are collectively referred to herein as the “**Parties**” and as the “**Taxing Entities**”):

City of Ceres, a municipal corporation (“**City**”);  
County of Stanislaus, a political subdivision of the State of California;  
Stanislaus County Office of Education / Superintendent of Schools;  
Yosemite Community College District;  
Modesto High School District;  
Modesto Elementary School District;  
Ceres Unified School District;  
Turlock Mosquito Abatement District;  
Industrial Fire District;  
County Fire Service;  
County Schools Service Fund;  
Turlock Irrigation District;  
Ceres Fire Protection District; and  
Tempo Park Light District.

### RECITALS

A. Pursuant to Assembly Bill IX 26, enacted in June 2011, and as modified by the Supreme Court of the State of California in the matter of *California Redevelopment Association, et al. v. Ana Matosantos, et al*, Case No. S194861, and further modified by Assembly Bill 1484, enacted in June 2012, and other subsequent legislation (collectively, the “**Dissolution Act**”), the Community Redevelopment Agency of the City of Ceres (“**Redevelopment Agency**”) was dissolved, and pursuant to Health & Safety Code Section 34173, the City elected to serve as the successor agency to the dissolved Redevelopment Agency (the “**Successor Agency**”). Pursuant to Health and Safety Code Section 34173(g), the Successor Agency is a separate legal entity from the City.

B. Pursuant to Health and Safety Code Section 34191.5, the Successor Agency prepared a Long-Range Property Management Plan (“**LRPMP**”) that addresses disposition of the real property formerly owned by the Redevelopment Agency.

C. The LRPMP was approved by Resolution of the Oversight Board to the Successor Agency (the “**Oversight Board**”), a seven-member board established pursuant to Health and Safety Code Section 34179 that includes representatives appointed by the County Board of Supervisors, the Mayor of the City, the Superintendent of Schools, the Chancellor of the California Community Colleges, and the Largest Special Tax District.

D. The State Department of Finance (“**DOF**”) approved the LRPMP by letter dated September 4, 2015.

E. The LRPMP provides that pursuant to Health & Safety Code Section 34191.5(c)(2), two (2) sites formerly owned by the Redevelopment Agency will be transferred by the Successor Agency to the City for future development.

NOW THEREFORE, the Parties agree as follows.

1. Purpose. This Agreement is executed with reference to the facts set forth in the foregoing Recitals which are incorporated into this Agreement by this reference. The purpose of this Agreement is to address the allocation of certain prospective revenues among the taxing entities that share in the property tax base (“**Tax Base**”) for property located within the Ceres Redevelopment Project Area (the “**Project Area**”) formerly administered by the Redevelopment Agency.

2. Sites to be Conveyed for Development Consistent with Plans. The LRPMP provides that, pursuant to Health & Safety Code Section 34191.5(c)(2), two (2) sites formerly owned by the Redevelopment Agency will be transferred by the Successor Agency to the City for future sale and development. The Dissolution Act requires that any future development be consistent with the Redevelopment Plan adopted for the Project Area, the Implementation Plans adopted in connection with the Redevelopment Plan, the Ceres General Plan and any other community plans applicable to the Sites (all of the foregoing, collectively, the “**Plans**”). These two (2) sites (individually a “**Site**” and collectively, the “**Sites**”) are more fully described in Attachment A.

3. Compensation Arrangement. The City agrees that, consistent with the LRPMP, in connection with the subsequent conveyance of any of the Sites, the City will remit the Net Unrestricted Proceeds to the Stanislaus County Auditor-Controller for distribution to the Taxing Entities in accordance with each Taxing Entity’s pro rata share of the Tax Base. “**Net Unrestricted Proceeds**” shall mean the proceeds of sale received by the City for the sale of any Site, less: (i) costs incurred by City for expenses incurred in connection with the management and disposition of the Site, including without limitation, costs incurred for property management, maintenance, insurance, marketing, appraisals, brokers’ fees, escrow, closing costs, survey, title insurance, attorneys’ and consultants’ fees, and other reasonable costs incurred, including reasonable compensation for City staff performing functions associated with the management, maintenance and disposition of the Site, and any relocation costs under State or Federal relocation laws and applicable requirements, and (ii) any proceeds of sale that are restricted by virtue of the source of funds (e.g. grant funds or the proceeds of bonds) that were used for the original acquisition of the Site. Upon request, the City shall deliver to the Taxing Entities an accounting of all such costs, expenses and restricted proceeds.

4. Sale Procedures and Proceeds. The Parties acknowledge that City is obligated to convey each Site for development consistent with the Plans. The Parties further acknowledge that consistent with Government Code Section 52200 et seq. (added by Senate Bill 470 adopted in September 2013), prior to the disposition of the Sites or any part thereof, the City may be obligated to hold a noticed public hearing and prepare a report that includes, among other things (i) an explanation of why the disposition will assist in the creation, retention, or expansion of job

opportunities, increased property tax revenues, and the development of affordable housing, transit priority projects and sustainable development, and (ii) an explanation of the difference between the highest and best use value and the disposition price taking into consideration development constraints and requirements, and the covenants, conditions and development costs required by the sale or lease. The City anticipates that the disposition price for a Site may be minimal when remediation costs, the costs required for necessary public improvements and infrastructure, and other development constraints are taken into account.

5. Compensation Agreement. Health and Safety Code Section 34191.3 provides that once an LRPMP has been approved by DOF, the LRPMP supersedes all other provisions of the statute relating to the disposition and use of the former redevelopment agency's real property assets. Nonetheless, in compliance with Health and Safety Code Section 34191.5(c)(2)(A)(iii) and a directive from DOF, with Oversight Board consent, the LRPMP provides that the City of Ceres will enter into an agreement with the taxing entities that addresses disposition of the two Sites to be conveyed to the City for future development. Notwithstanding the foregoing, this section of this Agreement will not be operative if a court order, legislation or Department of Finance policy reverses the Department's directive regarding such agreements, and in such event, the City will be permitted to dispose of the Sites even if this Agreement has not been executed by all Taxing Entities. Notwithstanding the foregoing, the City agrees that it will comply with the provisions of the LRPMP that require payment of Net Unrestricted Proceeds to the Taxing Entities.

6. Term of Agreement. This Agreement shall remain in full force and effect until the Net Unrestricted Proceeds from the sale of the last of the two Sites has been paid to the County Auditor-Controller for disbursement to the Taxing Entities, at which time it shall automatically terminate.

7. Miscellaneous Provisions.

7.1 Notices. Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified on the signature pages to this Agreement or to such other address as a Party may designate by written notice delivered to the other Parties in accordance with this Section. All such notices shall be sent by: (i) personal delivery, in which case notice is effective upon delivery; (ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt; or (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service.

7.2 Headings; Interpretation. The section headings and captions used herein are solely for convenience and shall not be used to interpret this Agreement. The Parties agree that this Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if all Parties had prepared it.

7.3 Action or Approval. Whenever action and/or approval by City is required under this Agreement, the City Manager or his or her designee may act on and/or approve such matter unless specifically provided otherwise, or unless the City Manager determines in his or her discretion that such action or approval requires referral to City Council for consideration.

7.4 Entire Agreement. This Agreement, including Exhibit A attached hereto and incorporated herein by this reference, contains the entire agreement among the Parties with respect to the subject matter hereof, and supersedes all prior written or oral agreements, understandings, representations or statements between the Parties with respect to the subject matter hereof.

7.5 Counterparts. This Agreement may be executed in counterparts, each of which shall be an original and all of which taken together shall constitute one instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto having additional signature pages executed by the other Parties. Any executed counterpart of this Agreement may be delivered to the other Parties by facsimile and shall be deemed as binding as if an originally signed counterpart was delivered.

7.6 Severability. If any term, provision, or condition of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect unless an essential purpose of this Agreement is defeated by such invalidity or unenforceability.

7.7 No Third Party Beneficiaries. Except as expressly set forth herein, nothing contained in this Agreement is intended to or shall be deemed to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies hereunder.

7.8 Parties Not Co-Venturers; Independent Contractor; No Agency Relationship. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another. The relationship of the Parties shall not be construed as a joint venture, equity venture, partnership or any other relationship.


7.9 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action to enforce or interpret this Agreement shall be filed and heard in the Superior Court of Stanislaus County, California or in the appropriate Federal District Court.

*SIGNATURES ON FOLLOWING PAGES.*



IN WITNESS WHEREOF, the Parties have executed this Agreement by their authorized representatives as indicated below.

**CITY OF CERES**, a municipal corporation

By:  \_\_\_\_\_

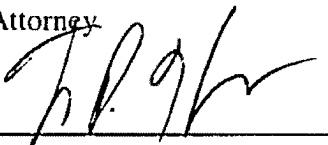
Name: **Toby Wells**

Title: **City Manager**

Attest by:  \_\_\_\_\_  
Diane Nayares-Perez, City Clerk

APPROVED AS TO FORM:

City Attorney


By:  \_\_\_\_\_  
Tom Hallinan, City Attorney

**Address for Notices:**

Redevelopment/Economic Development Director  
City of Ceres  
2720 2nd Street  
Ceres, CA 95307

***SIGNATURES CONTINUE ON FOLLOWING PAGES.***

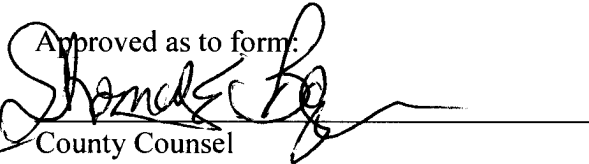
COUNTY OF STANISLAUS, a political subdivision of the State of California

By: 

Name: Stan Risen

Title: Chief Executive Officer

Attest by:   
Elizabeth A. King, Clerk of the Board

Approved as to form:  
  
County Counsel

*Asst. Secy*

Address for Notices:

*SIGNATURES CONTINUE ON FOLLOWING PAGES.*

**STANISLAUS COUNTY OFFICE OF EDUCATION / SUPERINTENDENT OF SCHOOLS, a service agency**

By: 

Name: Don Gatti

Title: Deputy Superintendent

Attest by: 

Approved as to form:  
  
\_\_\_\_\_

Address for Notices:


*SIGNATURES CONTINUE ON FOLLOWING PAGES.*

**YOSEMITE COMMUNITY COLLEGE DISTRICT**

By: 

Name:                     Teresa M. Scott                      
                    Executive Vice Chancellor

Title: \_\_\_\_\_

Attest by:   
                    Carrie B. Sampson, Executive Assistant

Approved as to form:

\_\_\_\_\_

Address for Notices:

Yosemite Community College District  
Attn: Executive Vice Chancellor, Fiscal Services  
P.O. Box 4065  
Modesto, CA 95352

*SIGNATURES CONTINUE ON FOLLOWING PAGES.*

MODESTO HIGH SCHOOL DISTRICT, a public school district

By: Pamela Able

Name: Pamela Able

Title: Superintendent

Attest by: \_\_\_\_\_

Approved as to form:

\_\_\_\_\_

Address for Notices: Pamela Able, Superintendent  
Modesto City Schools  
426 Locust Street  
Modesto, CA 95351

*SIGNATURES CONTINUE ON FOLLOWING PAGES.*

**MODESTO ELEMENTARY SCHOOL DISTRICT**, a public school district

By: 

Name: Pamela Able

Title: Superintendent

Attest by: \_\_\_\_\_

Approved as to form:

\_\_\_\_\_

Address for Notices: Pamela Able, Superintendent  
Modesto City Schools  
426 Locust Street  
Modesto, CA 95351

*SIGNATURES CONTINUE ON FOLLOWING PAGES*

**CERES UNIFIED SCHOOL DISTRICT, a public school district**

By: Scott Siegel

Name: Scott Siegel

Title: Superintendent

Attest by: \_\_\_\_\_

Approved as to form:

\_\_\_\_\_

Address for Notices:

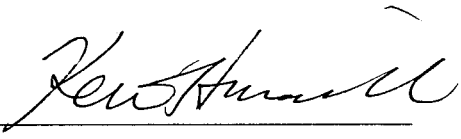
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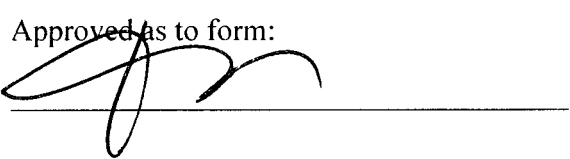
**TURLOCK MOSQUITO ABATEMENT DISTRICT**

By: 

Name: DAVID HEFT

Title: GENERAL MANAGER

Attest by: 

Approved as to form:  


Address for Notices:

*SIGNATURES CONTINUE ON FOLLOWING PAGES*



**INDUSTRIAL FIRE DISTRICT**

By: Bryan G. Nicholas

Name: Bonnew

Title: JPA Bonnew President

Attest by: [Signature]

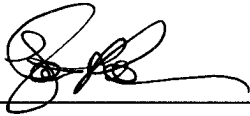
Approved as to form:

\_\_\_\_\_

Address for Notices:

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**COUNTY FIRE SERVICE**


By: 

Name: Stan Risen

Title: Chief Executive Officer

Attest by:   
Elizabeth A. King, Clerk of the Board

Approved as to form:

  
Deirdre McGrath, Deputy County Counsel

Address for Notices:

*SIGNATURES CONTINUE ON FOLLOWING PAGES*

COUNTY SCHOOLS SERVICE FUND

By: 

Name: Don Gatti

Title: Deputy Superintendent

Attest by: 

Approved as to form:

\_\_\_\_\_

Address for Notices:

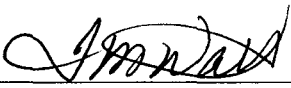
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**TURLOCK IRRIGATION DISTRICT**

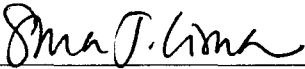
By: Casey Hashimoto

Name: CASEY HASHIMOTO

Title: GENERAL MANAGER

Attest by: 

Approved as to form:



Address for Notices:

CASEY HASHIMOTO, GENERAL MANAGER  
TURLOCK IRRIGATION DISTRICT  
P O BOX 949  
TURLOCK CA 95381

*SIGNATURES CONTINUE ON FOLLOWING PAGES*

**CERES FIRE PROTECTION DISTRICT**

By: Jerry Hancock  
Name: Jerry Hancock  
Title: Chief

Attest by: Stan Sinclair

Approved as to form:

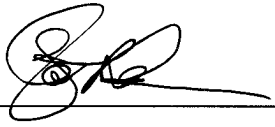
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Address for Notices:

Ceres Fire Protection District  
P.O. Box 1072  
Ceres, CA 95307

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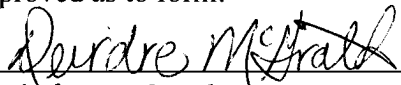
**TEMPO PARK LIGHT DISTRICT**

By: 

Name: Stan Risen

Title: Chief Executive Officer

Attest by:   
Elizabeth A. King, Clerk of the Board

Approved as to form:  
  
Deirdre McGrath, Deputy County Counsel

Address for Notices:

EXHIBIT A

**DESCRIPTION OF THE SITES**

Sites to be conveyed for development consistent with the Plans:

Site No.	APN	Address	Existing Use
3	127-017-016	2912 4th Street	4th Street Vacant Commercial Property
4	127-018-021 127-018-022	3004 5th Street 3012 5th Street	5th Street Residential Properties