

MINUTES of an adjourned regular meeting of the City Council of the City of Redlands held in the Council Chambers, Civic Center, 35 Cajon Street, on March 7, 1995, at 9:00 A.M.

PRESENT

Swen Larson, Mayor
Jim Foster, Mayor Pro Tem
William E. Cunningham, Councilmember
Gilberto Gil, Councilmember
Pat Gilbreath, Councilmember

Gary M. Luebbers, City Manager
Stephen Deitsch, Special Counsel
Best, Best & Krieger
Daniel J. McHugh, City Attorney
Lorrie Poyzer, City Clerk
Michael Reynolds, City Treasurer
Marjie Pettus, Administrative Services

Director

Jeffrey L. Shaw, Community Development

Director

Steven M. Chapman, Finance Director
Mel Enslow, Fire Chief
Gary G. Phelps, Municipal Utilities Director
Lewis W. Nelson, Police Chief
Ronald C. Mutter, Public Works Director

Ted Thomaidis, Redlands Daily Facts
Steven Church, The Sun

ABSENT

None

Redevelopment Agency Workshop - (also see Redevelopment Agency minutes for March 7, 1995.) Administrative Services Director Pettus reported several questions and issues have been raised recently regarding the status of the Redevelopment Agency. In addition, it was discovered that each course of action has the potential to impact decision on the sale of property, development and/or housing programs. Mr. Stephen Deitsch, special counsel with Best, Best and Krieger, provided an overview on redevelopment discussing the expiration of the Agency's plan and options and powers following termination of the plan. He also addressed legal issues concerning the sale of property, housing, and the AB 1290 report requirements. Finance Director Steven M. Chapman provided an analysis of tax increment receipts and projections, debt service obligations, and the subsidy the Redevelopment Agency

receives from the City's General Fund. Councilmembers desired more information such as revenue projections if the Plan is expanded, modified, or terminated and the status of set-aside funds.

Civic Center Disposition - Administrative Services Director Pettus reported the City of Redlands Redevelopment Agency acquired the Redlands Plaza on December 1, 1977, for \$2,000,000.00. The Plaza housed a variety of commercial and office uses which provided tenant income to the Redevelopment Agency. Redevelopment Agency administrative officers were also located in the facility. As City office needs increased and tenant leases expired, City departments were relocated to the Plaza. In July, 1994, all City administrative offices and the City Council Chambers were located in the Redlands Plaza which was then renamed Civic Center. The City pays rent to the Redevelopment Agency each year. The 1994-95 budget calls for a total rent payment of \$358,589.00. In an effort to eliminate this general fund rental payment and continue with the disposition of Redevelopment Agency assets, staff examined a number of alternatives. Two options (direct sale and bond issuance) were deemed infeasible due to financial and legal constraints. Two alternates remain:

1. Donation -- The Redevelopment Agency can donate the property to the City of Redlands for use as a public facility. This would entail a public hearing during which the Redevelopment Agency Board would make findings pertinent to the use of the property and elimination of blight.
2. Trade City Property - With this alternative, all City-owned housing and other miscellaneous properties would be given to the Redevelopment Agency in exchange. The City housing units (in "as is" condition) and vacant land have an estimated value of \$1,000,000.00 to \$1,250,000.00. The Redlands Plaza was appraised for \$4,500,000.00 by Gerald Stafford in October 1994.

Councilmember Cunningham indicated he would like to explore the donation option and asked if there was some way the City's General Fund could assume the Redevelopment Agency debt for amortization over the Utilities Fund. Councilmember Foster was opposed to giving away the Redevelopment Agency assets and writing off its debt. Councilmember Gilbreath wanted to explore the donation option. Councilmember Gil

asked about the effect this would have on development impact fees. Mayor Larson wanted a cost analysis of all options. An in depth study will be prepared for a future meeting.

The meeting briefly recessed at 10:10 A.M. and reconvened at 10:18 A.M.

City-Owned Housing - At the October 4, 1994, Redevelopment Agency Board meeting, the Board members requested that the recommendation by the Housing Commission on City-owned homes be held over for the Housing Coordinator to review. Staff reviewed the preferred recommendation for the disposition of the houses under consideration and the Housing Commission stated, "that the two multifamily houses (168 and 172 Eureka Street) be retained and renovated with the proceeds from the sale of 11 Grant Street and 180 Eureka Street and/or RDA set-aside funds if necessary." On December 20, 1994, the City Council made a motion to go firmly on record that the 172 and 168 South Eureka Street properties be maintained as structures with their integrity from an aesthetic point of view. A second action directed staff to return to the Housing Commission for consideration of the proposed alternatives, with the understanding that 168 South Eureka Street would stay in the City's hands. On January 12, 1995, the Housing Commission reaffirmed their original recommendation, and adding that the renovated apartments should then be leased to an interested non-profit for management and maintenance for the provision of low income housing. The Housing Commission also amended their motion to include 32 Eureka Street to the list of properties to be sold and that the proceeds be included to offset the rehabilitation expense on the 168 and 172 Eureka Street properties. On behalf of the Redlands Community Music Association and the Redlands Conservancy, Bob Clark urged the City Council to approve these recommendations. He also indicated they felt the rehabilitation figures for 168 South Eureka Street were inflated. Councilmember Gilbreath moved to proceed with the sale "as is" of 11 Grant Street, 32 South Eureka Street, and 180 South Eureka Street. Motion seconded by Councilmember Larson and carried by the following vote:
AYES: Councilmembers Gil, Gilbreath; Mayor Larson
NOES: Councilmember Foster
ABSTAIN: Councilmember Cunningham

ADJOURNMENT

There being no further business, the City Council meeting adjourned at 10:50 A.M. The next regular meeting will be held on March 7, 1995, at 3:00 P.M.

City Clerk