

MINUTES of a joint, adjourned regular meeting of the City Council and the Redevelopment Agency of the City of Redlands held in the Council Chambers, Civic Center, 35 Cajon Street, on May 9, 1995 at 9:00 A.M.

PRESENT

Member Swen Larson, Mayor/Chairman
Jim Foster, Mayor Pro Tem/Vice Chairman
William E. Cunningham, Councilmember/Board Member

Member Gilberto Gil, Councilmember/Board Member
Pat Gilbreath, Councilmember/Board Member

Director Gary M. Luebbers, City Manager/Executive

Director Daniel J. McHugh, City Attorney
Stephen P. Deitsch, Agency Attorney
Lorrie Poyzer, City Clerk/ Secretary
Michael Reynolds, City/Agency Treasurer
Marjie Pettus, Administrative Services

Director Jeffrey L. Shaw, Community Development

Director Steven M. Chapman, Finance Director
Mel Enslow, Fire Chief
Ronald C. Mutter, Public Works Director

Ted Thomaidis, Redlands Daily Facts

ABSENT None

Redevelopment Agency Plan Expiration - Administrative Services Director Pettus explained that due to the Redevelopment Agency's cash deficit, the Agency has been unable to function as a viable entity available to assist with development projects and public improvements. Efforts have been concentrated on minimizing expenditures and reducing debt. In March, 1992, the Agency Board of Directors established a policy to conclude redevelopment business and directed staff to dispose of Agency assets. To date, staff has sold the following properties:

310 West Stuart Avenue
501 Orange Street
511 Third Street
The Glaze parcel
The Fern Avenue parcel

Vacant Agency properties currently on the market include:

346 and 348 Orange Street (escrow scheduled to close May 31, 1995)

35 Cajon Street (known as the Civic Center)

325 North Eureka Street (southwest corner of Oriental Avenue and Eureka Street)

301 Oriental Avenue (southeast corner of Oriental Avenue and Eureka Street to Third Street)

The Agency owns the parking lots located at the Redlands Mall, on Olive Avenue and Myrtle Street, and on Orange Street adjacent to Greensleeves. There are also some remnant parcels along downtown alleys and the railroad tracks at Lugonia Heights.

The Redevelopment Plan is scheduled to expire in September, 1997. Staff requested confirmation of the Redevelopment Agency Board of Directors' intent to allow the Plan to expire and continue with the disposition of assets. Allowing the Plan to expire enables the Agency to retain its general powers: administrative functions; acquisitions and disposition of property; debt service and contract enforcement; and continued receipt of tax increment.

Agency legal counsel Deitsch reviewed the procedures to terminate the Plan and the question relating to whether the 20 percent low- and moderate-income housing set-aside requirement applies to tax increment allocated to the Agency after the Plan terminates. The law is ambiguous and whatever decision the Redevelopment Agency Board makes, it was Mr. Dietsch's recommendation that we pursue a validation judgment action through the courts.

Following discussion, Mr. Foster moved to allow the Redevelopment Plan to expire. Motion seconded Mrs. Gilbreath and carried unanimously. Mr. Foster then moved to indicate the Agency would continue the 20 percent policy for set-aside funds for low- and moderate-income housing, and attempt to get an amendment to State law to clear up the ambiguities (prior to the Plan's expiration in 1997). Motion seconded by Mr. Gil and carried as follows:

AYES: Messrs. Larson, Foster, and Gil

NOES: Mr. Cunningham who felt this action was premature

Mrs. Gilbreath who felt we were setting a precedent

Redlands Plaza/Civic Center - Transfer of Ownership - Administrative Services Director Pettus reported the Agency acquired the Redlands Plaza in December, 1977, for \$2,000,875.00. At that time, the Redlands Plaza housed a variety of commercial and office uses, all of which provided tenant income to the Agency. In time, Redevelopment administrative offices were also located in the facility. As City office needs increased and tenant leases expired, City departments were relocated to the facility. All City administrative offices and the Council Chambers were relocated within the Redlands Plaza by October 4, 1994, at which time the facility became known as the Civic Center. The City currently pays \$358,590.00 in rent to the Agency each year. In an effort to eliminate this General Fund rental payment and continue with the disposition of Agency assets, staff recommended the Agency transfer ownership of the Civic Center to the City for continued use as a public facility. Transfer of ownership would entail a public hearing during which the Agency Board would be required to make certain findings pertaining to the use of the facility and elimination of blight. Staff believes these findings may be made. The City would acquire a centrally located public facility without incurring substantial debt to the General Fund. In addition, General Fund monies would be released from Agency rental payments and placed in other programs to facilitate in developing blighted areas. Figures were presented show Agency costs charged to the General Fund to over the annual lease payments for the Redlands Mall parking facilities and operating expenses including salaries, benefits, and Redlands Mall parking facilities maintenance expenses. Mr. Cunningham moved to authorize staff to proceed with the disposition of the Civic Center (formerly known as the Redlands Plaza). Motion seconded by Mrs. Gilbreath. Mr. Foster angrily expressed his astoundment to City Manager/Executive Director Luebbers about the figures presented.

The meeting briefly recessed at 9:55 A.M. and reconvened at 10:07 A.M.

Finance Director Chapman presented three alternatives to finance the Redevelopment Agency cash deficit showing a summary and estimate of a six year cash flow. Mr. Foster stated emphatically that the Civic Center/Redlands Plaza should be retained as an Agency asset. The vote was then called for on the motion to proceed with the disposition of this facility and the motion carried with Messrs. Foster and Gil voting NO.

Set-Aside funds - Casa de la Vista Expansion - Administrative Services Director Pettus explained that in May, 1994, the American Baptist Homes of the West (ABHOW) asked for \$700,000.00 in Redevelopment Agency set-aside funds for the expansion of the Casa de la Vista senior housing project located at 686 East Redlands Boulevard. The request was approved but the organization did not obtain HUD funding and were unable to proceed with the project. The Agency Board then approved a \$120,000.00 allocation to ABHOW for acquisition of adjacent property since HUD had indicated they had denied the funding request, in part, due to the fact that they did not own the property where their proposed expansion was to take place. Funds were distributed in March, 1995, and escrow closed immediately thereafter. Although staff has not yet received a formal request, it is anticipated that ABHOW will request an additional \$600,000.00 in set-aside funds. This money would be utilized to cover City fees and offset construction expenses for the expansion. In December, 1994, the Agency Board established percentage guidelines for the allocation of set-aside funds. The \$600,000.00 allocation exceeds the established percentage guidelines but is consistent with the original ABHOW request. Mrs. Gilbreath moved to apply the percentage as was indicated in the overall plan in December based upon the gross before reduction of the allocation to ABHOW for the Casa de la Vista project with the understanding we will receive a request and receipt of the HUD approval and funding. Motion seconded by Mr. Cunningham and carried with Mr. Foster voting NO as he felt this violated past action of this body.

City-Owned Housing - The City-owned properties located at 32 and 180 South Eureka Street and 11 Grant Street are currently being offered as surplus property. The City notified San Bernardino County

Real Estate Services Division and the Housing Authority of San Bernardino County regarding the sale of the properties, and, to date, neither entity has expressed an interest. The next step is to offer the properties to the public for sale "as is." Administrative Services Director Pettus reviewed three alternatives developed by staff for the properties located at 168 and 172 South Eureka Street which included renovation, use by the Redlands Community Music Association in conjunction with the Redlands Bowl, and sale. Conant Halsey, President, and Irene Vitte, Executive Director, of the Redlands Community Music Association, proposed to use this structure for restrooms, rehearsal halls, and offices but indicated they were not in a position to finance such a project. Mr. Foster suggested use of the funds from past sales of City-owned property for this renovation and moved to authorize staff to negotiate with the Redlands Community Music Association to develop joint use of the structure located at 168 South Eureka Street with use of the interest retained on low- and moderate-income monies and to come up with a proposal for the use of this facility. Motion seconded by Councilmember Larson and carried unanimously. Following discussion, Mr. Foster moved to also include the property located at 172 South Eureka Street in the negotiations with the Redlands Community Music Association. Motion seconded by Mr. Larson and carried unanimously.

ADJOURNMENTS

City Council - There being no further business, the City Council meeting adjourned at 10:45 A.M. to an adjourned regular meeting to be held on May 16, 1995, at 9:00 A.M. in the Council Chambers, Civic Center, 35 Cajon Street, Redlands, California.

Redevelopment Agency - There being no further business, the Redevelopment Agency meeting adjourned at 10:45 A.M. to the next regular meeting on May 16, 1995.

City Clerk/Secretary