



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: County Executive Office
Department No.: 012
For Agenda Of: April 23, 2024
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from: N/A
Vote Required: Majority

TO: Board of Supervisors, Board of Directors of the Santa Barbara County Flood Control and Water Conservation District, Board of Directors of the Santa Barbara County Fire Protection District, Board of Directors of the Santa Barbara County Water Agency

FROM: Department Director(s) Mona Miyasato, County Executive Officer
Contact Info: Jasmine McGinty, Principal Analyst
 Nancy Anderson, Chief Assistant County Executive Officer

DocuSigned by:

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SUBJECT: **Compensation Agreement related to the Transfer of the Royal Theater Properties from the Successor Agency to the Redevelopment Agency of the City of Guadalupe to the City of Guadalupe**

County Counsel Concurrence

As to form: Yes
Risk, CEO Budget
As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors, acting as the Board of Supervisors of the County of Santa Barbara, the Board of Directors of the Santa Barbara County Flood Control and Water Conservation District, the Board of Directors of the Santa Barbara County Fire Protection District, and the Board of Directors of the Santa Barbara County Water Agency:

- a) Approve and authorize the Chair to execute a compensation agreement pursuant to Health and Safety Code Section 34180(f) related to the transfer of former Guadalupe Redevelopment Agency properties, the Royal Theater located at 848 Guadalupe Street (APN 115-101-001) and two adjacent vacant parcels located at 836 Guadalupe Street (APN 115-101-011 and APN 115-113-001) (collectively, “the Property”) to the City of Guadalupe; and
- b) Determine that the recommended actions are not the acceptance and approval of a project that is subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), finding that the actions consist of a creation of

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government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Summary:

This item is before your Board to enter into a compensation agreement related to the transfer of the Royal Theater Properties from the Successor Agency of the former Guadalupe redevelopment agency, to the City of Guadalupe, that occurred on July 26, 2018. The Royal Theater Properties “the Property” is located at 848 Guadalupe Street (APN 115-101-001) and 836 Guadalupe Street (APN 115-101-011 and APN 115-113-001). According to Assembly Bill x126 “Dissolution Law,” the Successor Agency is generally required to dispose of all former redevelopment agency property and distribute any proceeds to the applicable taxing entities. The compensation agreement ensures that taxing entities, which includes the County, are allocated a share of the proceeds when the Property is sold by the City for future development.

Background:

In June 2013, the California Legislature enacted AB 1484, which required redevelopment successor agencies to prepare a Long-Range Property Management Plan (LRPMP) for the disposition of all real properties owned by the former redevelopment agencies. In relation to the City of Guadalupe, the LRPMP of the Successor Agency was approved by resolution of City of Guadalupe Oversight Board on February 26, 2015, and was approved by the Department of Finance shortly after on September 2, 2015. The LRPMP included the disposal of the Property (the Royal Theater and two (2) vacant parcels adjacent to the Royal Theater). The Property was approved in the LRPMP to be transferred to the City of Guadalupe “for future development,” which occurred on July 26, 2018. The City of Guadalupe City Council approved a compensation agreement on June 12, 2018, with only the Guadalupe Cemetery District. As such, the City of Guadalupe is now proposing to enter into a new compensation agreement with all of the taxing entities including the County of Santa Barbara.

As one of the affected taxing entities, the County received a letter from the City of Guadalupe on January 17, 2024, requesting execution of a compensation agreement (Attachment A) specifically related to proceeds from disposal of the Property. The agreement states that the taxing entities will be entitled to receive a portion of the proceeds of the sale of the Property and a portion of the proceeds of the interim use of the Property, if any.

Discussion:

The agreement provides for a twenty-five year period during which the taxing entities will have the right to receive a portion of the gross proceeds of the sale of the Property (less certain City costs and subject to certain conditions set forth in the Agreement) and a portion of the gross proceeds of the interim use of the Property, if any. If the City sells the Property during this period, the taxing entities would receive monetary compensation in the percentages set forth in the agreement.

Currently, the Royal Theater Property is designated as a historical building, is vacant and was red-tagged due to an electrical fire that occurred in 2011. On March 16, 2020, the City issued a Request for Proposals for the Property to renovate the Property for mixed use possibly including performances, concerts, community gatherings, educational and job training courses, however no responses were received, so the building continues to sit vacant.

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On January 17, 2024, the County Executive Office received a letter to taxing entities via email from the City of Guadalupe (Attachment B) requesting review and execution of the compensation agreement to transfer the Property from the former Successor Agency to the City of Guadalupe for disposal. Staff have reviewed the agreement and recommend authorization of the Chair to execute the agreement.

Upon execution of the agreement, the City shall select a developer for the Property and negotiate a Disposition and Development Agreement to dispose of the Property for development. The City of Guadalupe is then required to distribute the disposition proceeds to the taxing entities through the Auditor-Controller.

Key Contract Risks:

The agreement currently includes a prevailing parties attorneys' fees clause, shown in Section 9(i) of Attachment A; the risk of retaining this clause is fairly low to the County. In order to remove the clause, the Guadalupe City Council would need to reapprove the agreement with the language removed.

Fiscal and Facilities Impacts:

The taxing entities are entitled to a share of the gross operating income and gross disposition proceeds (less certain City costs) when the Properties are disposed of by the City for future development.

The percentages of the tax base for FY 2022-23 for the County and its dependent districts are listed below.

- **Fund #0001 General (15.9892704% of 22-23 Tax Base)**
- **Fund #2280 Fire Protection District (0% of 22-23 Tax Base)**
- **Fund #2400 Flood Ctr/Water Conservation District (0.2155233% of 22-23 Tax Base)**
- **Fund #2460 Guadalupe Flood Zone Number 3 (0.8584783% of 22-23 Tax Base)**
- **Fund #2570 SM River Levee Maintenance Zone (0.1234373% of Tax Base)**
- **Fund #3050 Water Agency (0.2684557% of 22-23 Tax Base)**

Special Instructions:

Please return one signed electronic copy of the applicable signature pages of Attachment A to Jasmine McGinty at jmcginty@countyofsb.org.

Attachments:

Attachment A – Compensation Agreement (Royal Theater)
Attachment B – Letter to Taxing Entities – City of Guadalupe

Authored by:

Jasmine McGinty, Principal Analyst, County Executive Office