ITEM NO 7

SUCCESSOR AGENCY
CITY OF OCEANSIDE

ITEM TITLE: **APPROVAL OF EXPENDITURE TO PAY THE QUALIFYING PUBLIC COST AS PART OF THE S.D. MALKIN DISPOSITION AGREEMENT IN THE AMOUNT OF $2,353,017 FROM SUCCESSOR AGENCY CASH RESERVES**

SYNOPSIS

Staff recommends that the Oversight Board approve an expenditure to pay the "Qualifying Public Cost" as part of the S.D. Malkin Disposition Agreement in the amount of $2,353,017 from Successor Agency cash reserves.

BACKGROUND

The effective date of the Disposition Agreement (DA) between S.D. Malkin Properties and the Community Development Commission (CDC) was July 29, 2009. The Disposition Agreement obligates S.D. Malkin to construct a high quality, full service resort hotel as well as a boutique hotel on parcels acquired by the former redevelopment agency.

As noted above, the Disposition Agreement was approved well before the adoption of the Dissolution Act and the time period for S.D. Malkin to satisfy all conditions to close escrow has not yet run out. The original agreement provided an 18-month period to close escrow along with two six-month options to extend the escrow. On January 5, 2011, the Community Development Commission approved Amendment 1 to the Disposition Agreement providing a one-year extension to initial 18-month period. That means the time period to close escrow, including the two six-month extensions, does not run out until January 2013.

ANALYSIS

The Disposition Agreement includes a Ground Lease between the CDC and S.D. Malkin in which the redevelopment agency in Section 12.1 agreed to contribute approximately $27.6 million in public assistance. $5.1 million dollars was to be spent on off-site public improvements related to the project. The eligible off-site improvements are set forth in Exhibit K to the Lease (see attached). The former redevelopment agency executed construction contracts for some of these improvements prior to the adoption of the Dissolution Act and has expended approximately $800,000 on these off-site improvements to date.

The Recognized Obligation Payment Schedule (ROPS) for the period of January to June 2012 was approved by the Oversight Board on April 23, 2012, and subsequently by the Department of Finance on May 24, 2012. That ROPS included a payment of

$2,360,000, to be paid from Cash Reserves in June 2012. The Successor Agency is proposing to pay $609,750, toward Traffic Mitigation Infrastructure cost, and $1,743,267 toward the Impact fees for Public Improvements, for a total of $2,353,017.

FISCAL IMPACT

The Successor Agency-Hotel Block Public Improvement #912118600972 will transfer $609,750 from account 6900.0508 to the Traffic Signal DIF Fund (1508.6800.0972) and transfer $1,743,267 from account 6900.0503 to the Public Facilities Fees Fund (1503.6800.0972). The January-June ROPS approved by the Oversight Board budgeted $2,928,543 in 912118600972.5703.10600 (infrastructure), therefore there are adequate funds available to pay the $2,353,017.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends that the Oversight Board approve an expenditure to pay the "Qualifying Public Cost" as part of the S.D. Malkin Disposition Agreement in the amount of $2,353,017 from Successor Agency cash reserves.

PREPARED BY:

Kathy Brann
Downtown Development Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager
Teri Ferro, Financial Services Director

Attachments:

1. Exhibit "K" of the SD Malkin Lease Agreement
2. ROPS January – June 2012

ATTACHMENT NO. 1

EXHIBIT "K"
TO
GROUND LEASE
(Beachfront Resort)

QUALIFYING PUBLIC COSTS

A. Traffic Mitigation Infrastructure	**Estimated Cost**	
Traffic Signal at Clementine and Mission	$	72,000
Traffic Signal at Cleveland and Mission		62,000
Traffic signal at Myers and Mission		100,000
Rail Safety Improvements at Mission and RR tracks		200,000
Improve Horne and Mission		50,750
Myers St. improvements		100,000
Pedestrian Access		25,000
Subtotal	$	609,750
B. Off Site Public Improvements		
Street lights	$	159,600
Landscaping & Irrigation in ROW		96,900
Curbs and Paving in ROW		1,282,500
Reconstruction of Mission Avenue		860,700
Relocation of utilities[1]		456,000
Subtotal	$	2,855,700
C. Impact Fees for Public Improvements		
Drainage	$	19,400
Public Facility Fees		402,000
Traffic Signal Fees		75,911
Thoroughfare Fees		308,040
Water Impact Fees		684,444
Sewer Impact Fees		253,472
Subtotal	$	1,743,267
Total	**$**	**5,208,717**

[1] The line item of $456,000 for the "Relocation of utilities" shall be a maximum amount, and shall include only the costs associated with (a) the undergrounding of utilities on Pacific Street, referred to as San Diego Gas & Electric Project Number 636543-010, and the removal of overhead facilities from the Property, referred to as San Diego Gas & Electric Project Number 636543-020 (4KV), (b) the wet utilities project, and (c) the Premises' allocated fair share of the costs of the dry utilities project for the new trench on Myers Street and referred to as San Diego Gas & Electric Project Number 636543-030 (12KV) based on an allocation among the properties benefited by the project.

RESOLUTION NO.

RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY OF THE CITY OF OCEANSIDE CALIFORNIA AUTHORIZING THE PAYMENT OF $2.36 MILLION FOR QUALIFYING PUBLIC IMPROVEMENTS IN ACCORDANCE WITH THE DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN TH COMMUNITY DEVELOPMENT COMMISSION AND S.D. MALKIN PROPERTIES, INC.

WHEREAS, on July 29, 2009, the Community Development Commission of the City of Oceanside ("CDC") approved a Disposition and Development Agreement with S.D. Malkin Properties Inc. ("SD Malkin") for the development of a resort hotel on two blocks owned by the CDC; and

WHEREAS, section 12 of the Ground Lease between the CDC and SD Malkin, attached as an exhibit to the DDA, outlines the $27.6 million in financial assistance to be provided by the former redevelopment agency to facilitate the Oceanside Beach Resort project; and

WHEREAS, one component of the former redevelopment agency's subsidy includes the payment of up to $5.1 million in off-site improvements identified in Exhibit K of the Ground Lease. Prior to the close of escrow and commencement of the Lease, the CDC has spent approximately $800,000 on off-site improvements and these payments were made pursuant to a construction contract approved before the adoption of AB 1x 26; and

WHEREAS, the Recognized Obligation Payment Schedule ("ROPS") for the Oceanside Successor Agency for the period January 2012 through June 2012 was approved by the Oversight Board on April 23, 2012 and was approved by the Department of Finance on May 24, 2012; and

WHEREAS, the ROPS includes a payment of $2,360,000 for qualifying off-site public improvements from Exhibit K of the Ground Lease, of which $609,750 shall be applied to Traffic Mitigation Infrastructure and $1,743,267 shall be applied toward Impact Fees as identified in Exhibit K; and

NOW, THEREFORE, the Oversight Board of Successor Agency City of Oceanside does hereby resolve as follows:

Section 1. The recitals set forth above are true and correct and incorporated herein.

Section 2. The Oversight Board approves the expenditure of $2,360,000 from cash reserves for off-site public improvements for the Oceanside Beach Resort Project of which $609,750 shall be applied to Traffic Mitigation Infrastructure and $1,743,267 shall be applied toward Impact Fees as identified in Exhibit K of the lease between S.D. Malkin and the CDC.

PASSED AND ADOPTED by the Oversight Board of Successor Agency City of Oceanside this _____ day of _____ 2012, by the following vote:

AYES:
NAYS:
ABSENT:

_____
Chairperson
Oversight Board of Successor Agency
City of Oceanside

ATTEST:

_____
Secretary
Oversight Board of Successor Agency
City of Oceanside

ATTACHMENT NO. 2

RECOGNIZED OBLIGATION PAYMENT SCHEDULE - CONSOLIDATED
FILED FOR THE JANUARY 1, 2012 to JUNE 30, 2012 PERIOD

EXHIBIT A

Name of Successor Agency Oceanside

Balance Carried Forward From:		Current	
		Total Outstanding Debt or Obligation	Total Due During Fiscal Year
Outstanding Debt or Obligation	(From Form A, Page 1 Totals)	$ 105,877,770	$ 15,237,288
		Total Due for Six Month Period	
Outstanding Debt or Obligation	(From Form B, Page 1 Totals)	$ 9,605,873	
Available Revenues other than anticipated funding from RPTTF (Form C)		$ 9,605,873	
Anticipated Funding from Redevelopment Property Tax Trust Fund (RPTTF) (Form C)		$ -	

Consolidate on this form all of the data contained on Form A, B and C. Form A is to include all outstanding obligation entered into for period filed. Form B is to include payment requirement for each enforceable obligation for each month. Form C is to enter the anticipated funding source for each listed enforceable obligation.

Certification of Oversight Board Chairman:
Pursuant to Section 34177(l) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Enforceable Payment Schedule for the above named agency.

Mike Bles Chair
Name Title

Mike Blessing 4/23/12
Signature Date

Prepared by Auditor and Controller, County of San Diego on February 15, 2012

Name of Successor Agency: Oceanside

FORM A

RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Per AB 26 - Section 34177(l)

Filed for Period Jan to June, 2012

	Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year
1)	2002 Tax Allocation Bond	Bank of New York	Bonds issued to fund Prop Acq/CIP	$ 25,513,231	$ 1,717,893
2)	2003 Tax Allocation Bond	Bank of New York	Bonds issued to fund RDA Projects	$ 21,889,005	$ 1,492,398
3)	2003 Refund Tax Allocation Bd	Bank of New York	Bonds issued to refund 1993 TAB	$ 5,427,675	$ 678,689
4)	2004 Refund Tax Allocation Bd	Bank of New York	Bonds issued to refund 1994 TAB	$ 16,223,921	$ 849,093
5)	20% Set-Aside Deficit	CDC LMIH Fund	Loan for Public Works project	$ 1,023,330	$ 506,475
6)	LMIH Fund Loan	CDC LMIH Fund	2010 SERAF Payment	$ 1,116,968	$ -
7)	General Legal Services	Best Best & Krieger	Continue work w/Legal Counsel	$ 79,548	$ 6,000
8)	Redevelopment Bonds	Stradling Yoca	Continue work w/Bond Counsel	$ 70,860	$ 6,000
9)	Beach Resort Negotiations	Keyser Marston	Continue work w/Financial Consult.	$ 32,285	$ 3,000
10)	General Economic Analysis	Keyser Marston	Continue work w/Financial Consult.	$ 42,829	$ 3,000
11)	Auditor	LSL Auditor	Necessary audits	$ 6,800	$ 6,800
12)	Employee cost (H)	Employees of Agency	Payroll for employees	$ 300,000	$ 130,967
13)	Administrative Operations (H)	City of Oceanside	Space Rent, equipment, supplies	$ 27,360	$ 16,672
14)	Administrative Operations	City of Oceanside	Space Rent, equipment, supplies	$ 495,592	$ 271,365
15)	Employee cost	Employees of Agency	Payroll for employees	$ 882,914	$ 826,347
16)	Parking Lot Lease	GF Development	Lease for two parking lots	$ 60,000	$ 60,000
17)	Mission Cove	CSG	Financial consultant	$ 30,000	$ 15,858
18)	Business Development	Harbor Lights	Downtown promotions	$ 20,000	$ 9,417
19)	Beach Negotiations	BBK	Outside consultant for hotel	$ 65,000	$ 5,129
20)	Beach Hotel Site Prep	Hansons	Relocation of Grave House	$ 80,000	$ 450
	Totals - This Page			$ 73,387,318	$ 6,605,553
	Totals - Page 2			$ 32,490,452	$ 8,631,735
	Grand total - All Pages			$ 105,877,770	$ 15,237,288

Name of Successor Agency: Oceanside

FORM A

RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Per AB 26 - Section 34177(l)

Filed for Period Jan to June, 2012

	Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year
1)	Drainage Improvements	Various	Contractors, inspectors, engineering and general support	$ 1,640,606	$ 1,640,606
2)					
3)	Tyson/Wisconsin Parking Lot	Various	Contractors, inspectors, engineering and general support	$ 2,174,981	$ 2,174,981
4)					
5)	Waterfront Restrooms	Various	Contractors, inspectors, engineering and general support	$ 436,358	$ 436,358
6)					
7)	Beach Resort	TC Construction/City of Oceanside	Qualifying public costs	$ 5,208,717	$ 3,510,000
8)	Beach Resort	SD Malkin	Bond Issue #1 /covenants	$ 13,800,000	$ -
9)	Beach Resort	SD Malkin	Bond issue #2 /covenants	$ 3,360,000	$ -
10)	Beach Resort	SD Malkin	Performance based TI for public parking/covenants	$ 5,000,000	$ -
11)					
12)	Mission Avenue Improve.	Various	Contractors, inspectors, engineering and general support	$ 519,790	$ 519,790
13)					
14)	Lot 23 parking structure	Various	Contractors, inspectors, engineering and general support	$ 350,000	$ 350,000
15)					
16)					
17)					
18)					
19)					
20)					
	Totals - This Page			$ 32,490,452	$ 8,631,735
				$ -	$ -
	Total Page 2			$ 32,490,452	$ 8,631,735

Name of Successor Agency: Oceanside

FORM B

RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Per AB 26 - Section 34177(l)

Filed for Period January to June, 2012

	Project Name / Debt Obligation	Project Area	Payments by Month						Subtotal	Adjustments from Prior Schedule	TOTAL
			January	February	March	April	May	June			
1)	2002 Tax Allocation Bond	Downtown	0	457,599	0	0	0	0	457,599		457,599
2)	2003 Tax Allocation Bond	Downtown	0	392,080	0	0	0	3,089	395,169		395,169
3)	2003 Refund Tax Allocation Bd	Downtown	0	79,675	0	0	0	0	79,675		79,675
4)	2004 Refund Tax Allocation Bd	Downtown	0	241,377	0	0	0	0	241,377		241,377
5)	20% Set-Aside Deficit	Downtown	0	0	0	0	0	506,475	506,475		506,475
6)	LMIH Fund Loan	Downtown	0	0	0	0	0	0	0		0
7)	General Legal Services	Downtown	0	0	0	2,000	2,000	2,000	6,000		6,000
8)	Redevelopment Bonds	Downtown	0	500	500	1,400	1,800	1,800	6,000		6,000
9)	Beach Resort Negotiations	Downtown	0	500	750	750	500	500	3,000		3,000
10)	General Economic Analysis	Downtown	0	500	500	500	500	1,000	3,000		3,000
11)	Auditor	Downtown	0	0	0	0	3,400	3,400	6,800		6,800
12)	Employee cost (H)	Downtown	38,821	0	0	0	0	0	38,821		38,821
13)	Administrative Operations (H)	Downtown	2,280	0	0	0	0	0	2,280		2,280
14)	Administrative Operations	Downtown	19,115	25,000	25,000	25,000	25,000	25,000	144,115		144,115
15)	Employee cost	Downtown	62,026	65,000	65,000	65,000	65,000	85,000	407,026		407,026
16)	Parking Lot Lease	Downtown	5,000	5,000	5,000	5,000	5,000	5,000	30,000		30,000
17)	Mission Cove	Downtown	15,858	0	0	0	0	0	15,858		15,858
18)	Business Development	Downtown	0	0	0	0	0	0	0		0
19)	Beach Negotiations	Downtown	0	0	0	0	0	0	0		0
20)	Beach Hotel Site Prep	Downtown	0	0	0	0	0	0	0		0
	Totals - This Page		143,100	1,267,231	96,750	99,650	103,200	633,264	2,343,195	0	2,343,195
	Totals - Page 2		541,239	500,000	795,000	770,000	1,423,543	3,232,896	7,262,678	0	7,262,678
	Grand total - All Pages		684,339	1,767,231	891,750	869,650	1,526,743	3,866,160	9,605,873	0	9,605,873

Name of Successor Agency: Oceanside

FORM B

RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Per AB 26 - Section 34177(l)

Filed for Period January to June, 2012

	Project Name / Debt Obligation	Project Area	Payments by Month						Subtotal	Adjustments from Prior Schedule	TOTAL
			January	February	March	April	May	June			
1)	Drainage Improvements	Downtown	$ 292,585	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 163,049	$ 1,255,634		$ 1,255,634
2)									$ -		$ -
3)	Tyson/Wisconsin Parking Lot	Downtown	$ 177,959	$ 180,000	$ 420,000	$ 350,000	$ 350,000	$ 430,758	$ 1,908,717		$ 1,908,717
4)									$ -		$ -
5)	Waterfront Restrooms	Downtown	$ 13,754	$ 50,000	$ 50,000	$ 50,000	$ 145,000	$ 94,013	$ 402,767		$ 402,767
6)									$ -		$ -
7)	Beach Resort	Downtown	$ 9,825	$ 10,000	$ 10,000		$ 548,543	$ 2,360,000	$ 2,938,368		$ 2,938,368
8)	Beach Resort	Downtown							$ -		$ -
9)	Beach Resort	Downtown							$ -		$ -
10)	Beach Resort	Downtown							$ -		$ -
11)									$ -		$ -
12)	Mission Avenue Improve.	Downtown	$ 47,116	$ 60,000	$ 65,000	$ 70,000	$ 80,000	$ 85,076	$ 407,192		$ 407,192
13)									$ -		$ -
14)	Lot 23 parking structure	Downtown			$ 50,000	$ 100,000	$ 100,000	$ 100,000	$ 350,000		$ 350,000
15)									$ -		$ -
16)									$ -		$ -
17)									$ -		$ -
18)									$ -		$ -
19)									$ -		$ -
20)									$ -		$ -
	Totals - This Page (2)		$ 541,239	$ 500,000	$ 795,000	$ 770,000	$ 1,423,543	$ 3,232,896	$ 7,262,678	$ -	$ 7,262,678
			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Total Page 2		$ 541,239	$ 500,000	$ 795,000	$ 770,000	$ 1,423,543	$ 3,232,896	$ 7,262,678	$ -	$ 7,262,678

Name of Successor Agency: Oceanside

FORM C

RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Per AB 26 - Section 34177(l)

File for Period January to June, 2012

	Project Name / Debt Obligation	Total from Form B	Source of Payment						
			RPTTF	Low and Moderate Income Housing Fund	Bond Proceeds	Reserve Balances	Administrative Cost Allowance	Other Revenue Sources	TOTAL
1)	2002 Tax Allocation Bond	$ 457,599				$ 457,599			$ 457,599
2)	2003 Tax Allocation Bond	$ 395,169				$ 395,169			$ 395,169
3)	2003 Refund Tax Allocation Bd	$ 79,675				$ 79,675			$ 79,675
4)	2004 Refund Tax Allocation Bd	$ 241,377				$ 241,377			$ 241,377
5)	20% Set-Aside Deficit	$ 506,475				$ 506,475			$ 506,475
6)	LMIH Fund Loan	$ -							$ -
7)	General Legal Services	$ 6,000				$ 6,000			$ 6,000
8)	Redevelopment Bonds	$ 6,000				$ 6,000			$ 6,000
9)	Beach Resort Negotiations	$ 3,000				$ 3,000			$ 3,000
10)	General Economic Analysis	$ 3,000				$ 3,000			$ 3,000
11)	Auditor	$ 6,800				$ 6,800			$ 6,800
12)	Employee cost (H)	$ 38,821		$ 38,821					$ 38,821
13)	Administrative Operations (H)	$ 2,280		$ 2,280					$ 2,280
14)	Administrative Operations	$ 144,115				$ 144,115			$ 144,115
15)	Employee cost	$ 407,026				$ 407,026			$ 407,026
16)	Parking Lot Lease	$ 30,000				$ 30,000			$ 30,000
17)	Mission Cove	$ 15,858		$ 15,858					$ 15,858
18)	Business Development	$ -							$ -
19)	Beach Negotiations	$ -							$ -
20)	Beach Hotel Site Prep	$ -							$ -
	Totals - This Page	$ 2,343,195	$ -	$ 56,959	$ -	$ 2,286,236	$ -	$ -	$ 2,343,195
	Totals - Page 2	$ 7,262,678	$ -	$ -	$ 4,902,678	$ 2,360,000	$ -	$ -	$ 7,262,678
	Grand total - All Pages	$ 9,605,873	$ -	$ 56,959	$ 4,902,678	$ 4,646,236	$ -	$ -	$ 9,605,873

Name of Successor Agency: Oceanside

RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Per AB 26 - Section 34177(l)

File for Period January to June, 2012

	Project Name / Debt Obligation	Total from Form B	Source of Payment: RPTTF	Low and Moderate Income Housing Fund	Bond Proceeds	Reserve Balances	Administrative Cost Allowance	Other Revenue Sources	TOTAL
1)	Drainage Improvements	$ 1,255,634			$ 1,255,634				$ 1,255,634
2)		$ -							$ -
3)	Tyson/Wisconsin Parking Lot	$ 1,908,717			$ 1,908,717				$ 1,908,717
4)		$ -							$ -
5)	Waterfront Restrooms	$ 402,767			$ 402,767				$ 402,767
6)		$ -							$ -
7)	Beach Resort	$ 2,938,368			$ 578,368	$ 2,360,000			$ 2,938,368
8)	Beach Resort	$ -							$ -
9)	Beach Resort	$ -							$ -
10)	Beach Resort	$ -							$ -
11)		$ -							$ -
12)	Mission Avenue Improve.	$ 407,192			$ 407,192				$ 407,192
13)		$ -							$ -
14)	Lot 23 parking structure	$ 350,000			$ 350,000				$ 350,000
15)		$ -							$ -
16)		$ -							$ -
17)		$ -							$ -
18)		$ -							$ -
19)		$ -							$ -
20)		$ -							$ -
	Totals - This Page 2	$ 7,262,678	$ -	$ -	$ 4,902,678	$ 2,360,000	$ -	$ -	$ 7,262,678
		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Total Page 2	$ 7,262,678	$ -	$ -	$ 4,902,678	$ 2,360,000	$ -	$ -	$ 7,262,678