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Staff Report

Item 8

To: Lemoore Oversight Board
From: Judy Holwell, Project Manager 
Date: September 20, 2013
Subject: Resolution No. 2013-09 Approving Long Range Property Management Plan for Properties of the former Lemoore Redevelopment Agency as required by California Health & Safety Code Section 34191.5

Discussion

As required by the State of California Health and Safety Code (HSC) Section 34191.5, all redevelopment agencies in California are required to submit a Long Range Property Management Plan (Plan) to the California Department of Finance (DOF) within six (6) months of receiving their Finding of Completion. The City of Lemoore as Successor Agency to the former Lemoore Redevelopment Agency (Agency) received its Finding of Completion on June 7, 2013. Submittal of our Plan, which must address the disposition and use of real property, is therefore due to the DOF no later than December 7, 2013.

On August 22, 2013, our request to transfer Government Purpose Properties to the City of Lemoore was approved by the DOF, which leaves the Agency with 11 remaining parcels. As shown in the attached Plan, all of the parcels are located in the Lemoore Industrial Park and are vacant land. Each of these parcels were acquired for economic development purposes and are zoned Light Industrial, with the exception of one lot, which is split approximately fifty-fifty between Light Industrial and Regional Commercial.

HSC Section 34191.5(2) addresses the permissible use of agency properties, which includes the following:

1. Retention of property for governmental use
2. Retention of property for future development
3. Sale of property
4. Use of property to fulfill an enforceable obligation

Since all of the Agency's remaining parcels were purchased for economic development purposes, the Plan lists future development as the permissible use, which includes any and all allowed uses identified in our Lemoore Municipal Code for the above stated zoning.

The Lemoore City Council as Successor Agency to the former Lemoore Redevelopment Agency reviewed and approved the Plan on September 17, 2013 and directed staff to present it to the Oversight Board for approval, as required by HSC Section 34191.5(b). Once the Plan is approved by the Oversight Board, it must be forwarded to the DOF for final approval.

Following final approval by the DOF, the properties are to be placed in a Community Redevelopment Property Trust Fund to be administered by the Agency in accordance with the approved Plan. Properties are then to be sold in a manner aimed at maximizing value with the proceeds from each sale being remitted to the Kings County Auditor-Controller's Office for distribution to the taxing entities. All properties are to be sold pursuant to HSC Section 34180(f), which states:

(f) (1) If a city, county, or city and county wishes to retain any properties or other assets for future redevelopment activities, funded from its own funds and under its own auspices, it must reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax, as determined pursuant to Section 34188, for the value of the property retained.

(2) If no other agreement is reached on valuation of the retained assets, the value will be the fair market value as of the 2011 property tax lien date as determined by an independent appraiser approved by the oversight board.

DOF does not believe that it is legislative intent that property appraisals be obtained for properties that the LRPMP proposes to sell or transfer to entities other than the city or county that created the former redevelopment agency. (DOF Q&A v.01.15.13)

As you know, the Oversight Board had accepted an offer on two parcels in the Lemoore Industrial Park when AB 1484 was signed into law, which among other requirements forbade agencies from selling any properties. The sale of the two parcels would have brought a new, revenue generating, business to Lemoore. Unfortunately, the agreement for the transaction was in the process of being prepared and was not fully executed. A letter was sent to the DOF requesting a one-time authorization to complete the transaction. However, our request was denied. In a recent conversation with the developer, he indicated that he is still interested in acquiring the lots for his proposed project. Upon receiving final approval from the DOF for our LRPMP, staff will prepare the property disposition.

Budget Impact

None.

Recommendation

Adopt Resolution 2013-09 approving the Long Range Property Management Plan and direct staff to present it to the State of California Department of Finance for approval.