

# AGENDA

Meeting of the  
**Oversight Board for the  
Successor Agency of the  
Scotts Valley Redevelopment Agency**

1 Civic Center Drive  
Scotts Valley, CA 95066  
(831) 440-5600

**Date: April 12, 2017**  
**Time: 1:00 p.m.**

<b>MEETING LOCATION</b> Scotts Valley City Council Chambers 1 Civic Center Drive Scotts Valley, CA 95066	<b>POSTING</b> The agenda was posted 4-7-17 at City Hall, Scotts Valley Senior Center, Scotts Valley Library and on the Internet at <a href="http://www.scottsvalley.org">www.scottsvalley.org</a> .
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<b>OVERSIGHT BOARD MEMBERS</b> Jack Dilles, Scotts Valley City Council Taylor Bateman, City of Scotts Valley, Acting Community Development Director Steve Horlock, Scotts Valley Community Member Bruce McPherson, Santa Cruz County Board of Supervisors Russ Patterson, Scotts Valley Fire Protection District Rudolph Ramirez, Scotts Valley Unified School District Donna Ziel, Cabrillo Community College Governing Board	<b>SUCCESSOR AGENCY STAFF</b> Jenny Haruyama, Executive Director Tracy Ferrara, Secretary Kirsten Powell, Counsel Scott Hamby, Public Works Director Michelle Edwards, Senior Planner
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<b>Agenda and Agenda Packet Materials:</b> The Oversight Board for the Successor Agency of the Scotts Valley Redevelopment Agency agenda and the complete agenda packet are available for review by 5:00 pm, 72 hours prior to the meeting, on the Internet at the City's website: <a href="http://www.scottsvalley.org">www.scottsvalley.org</a> and in the lobby of City Hall at 1 Civic Center Drive, Scotts Valley, CA. Pursuant to Government Code §54957.5, materials related to an agenda item, submitted after distribution of the agenda packet, are available for public inspection in the lobby of City Hall during normal business hours, Monday-Friday, 8am-12 pm and 1-5 pm. In accordance with AB 1344, such documents will be posted on the City's website at <a href="http://www.scottsvalley.org">www.scottsvalley.org</a> .
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**CALL TO ORDER** 1:00 p.m.

**ROLL CALL**

**PUBLIC COMMENT TIME**

(This is the opportunity for individuals to make and/or submit written or oral comments to the Board on any items within the purview of the Board, which are **NOT** part of the Agenda. No action on the item may be taken, but the Board may request the matter be placed on a future agenda.)

**ALTERATIONS TO CONSENT AGENDA**

(Board can remove or add items to the Consent Agenda.)

**CONSENT AGENDA**

(The Consent Agenda is comprised of items which appear to be non-controversial. Persons wishing to speak on any item may do so by raising their hand to be recognized by the Chair.)

- A. Approve Oversight Board meeting minutes of 1-26-17

**ALTERATIONS TO REGULAR AGENDA**

(Board can remove or add items to the Regular Agenda.)

**REGULAR AGENDA**

(Persons wishing to speak on any item may do so by raising their hand to be recognized by the Chair.)

1. Consider the approval of Resolution No. OB-32.1, a resolution of the Oversight Board for the Successor Agency of the Scotts Valley Redevelopment Agency authorizing the Executive Director of the Successor Agency of the Scotts Valley Redevelopment Agency to sign that certain amendment to sale and purchase agreement between the Successor Agency of the Scotts Valley Redevelopment Agency and Corbett Wright for the sale of certain real property located at 260 Mt. Hermon Road, Scotts Valley, APN 022-231-03 (Counsel/Powell)
2. Future Board agenda items  
(This portion of the Regular Agenda allows the Successor Agency to determine items to be placed on a future agenda and to choose a date, if so desired.)

**ADJOURNMENT**

The Oversight Board for the Successor Agency of the Scotts Valley Redevelopment Agency does not discriminate against persons with disabilities. The Scotts Valley City Council Chambers is an accessible facility. If you wish to attend a Board meeting and require assistance such as sign language, a translator, or other special assistance or devices in order to attend and participate at the meeting, please call the Secretary's office at (831) 440-5602 five to seven days in advance of the meeting to make arrangements for assistance. If you require the agenda of a Board meeting be available in an alternative format consistent with a specific disability, please call the Secretary's Office. The California State Relay Service (TDD to voice: 1-800-735-2929, voice to TDD: 1-800-735-2922), provides Telecommunications Devices for the Deaf and will provide a link between the TDD caller and users of telephone equipment.

## ***PROCEDURAL INFORMATION FOR THE PUBLIC***

### **THE FOLLOWING IS THE PROCEDURE BOARD SHOULD TAKE IN APPROVAL OF A RESOLUTION:**

1. Move the Resolution number for approval.
2. Second the motion.
3. Vote by body, a roll call vote is not required.

### **THE FOLLOWING IS THE PROCEDURE BOARD SHOULD TAKE IN INTRODUCTION/ADOPTION OF AN ORDINANCE:**

1. Move the Ordinance number for introduction (or adoption).
2. Move the Ordinance be introduced by title only and waive the reading of the text.
3. Read the Ordinance title.
4. Second the motion.
5. Vote by body, a roll call vote is not required.

### **THE FOLLOWING IS THE PROCEDURE BOARD SHOULD TAKE IN PUBLIC COMMENT/PUBLIC HEARINGS:**

Unless otherwise determined by the presiding officer of the meeting:

1. Three minutes allowed per individual to speak.
2. Five minutes allowed per individual representing a group of three or more.



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# MINUTES

## Meeting of the Oversight Board for the Successor Agency of the Scotts Valley Redevelopment Agency

**Date: January 26, 2017**

**POSTING:**

The agenda was posted on 1-20-17  
at City Hall, the SV Senior Center, and  
the SV Library, by the City Clerk.

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**CALL TO ORDER**                      2:30 p.m.

**SPECIAL SET MATTERS**

a)      **Nomination/Motion of Chair**

***M: McPherson/Ziel***

***To appoint BM Jack Dilles as Chair.***

***Carried 5/0/1 (AYES: Bateman, Dilles, McPherson, Ramirez, Ziel; ABSENT: Patterson)***

b)      **Nomination/Motion of Vice Chair**

***M: McPherson/Ramirez***

***To appoint BM Ziel as Vice Chair.***

***Carried 5/0/1 (AYES: Bateman, Dilles, McPherson, Ramirez, Ziel; ABSENT: Patterson)***

**ROLL CALL**

Board Members:                      Jack Dilles, Scotts Valley City Council  
Taylor Bateman, City of Scotts Valley, Community Development Director  
Bruce McPherson, Santa Cruz County Board of Supervisors  
Russ Patterson, Scotts Valley Fire Protection District  
Rudolph Ramirez, Scotts Valley Unified School District  
Donna Ziel, Cabrillo Community College Governing Board  
Vacant, Scotts Valley Community Member

Successor Agency Staff:              Jenny Haruyama, Executive Director  
Tracy Ferrara, Secretary  
Kirsten Powell, Counsel  
Scott Hamby, Public Works Director  
Michelle Edwards, Senior Planner

## **PUBLIC COMMENT**

No one came forward.

## **ALTERATIONS TO CONSENT AGENDA**

BM Ramirez requested that Item C be moved to the regular agenda for discussion.

***M/S: Ziel/McPherson***

***To approve the Consent Agenda as amended moving Item C to the regular agenda for discussion.***

***Carried 5/0/1 (AYES: Bateman, Dilles, McPherson, Ramirez, Ziel; ABSENT: Patterson)***

### **Consent Agenda:**

- A. Approve Oversight Board meeting minutes of 11-3-16
- B. Approve Resolution No. OB-34, approving a proposed administrative budget for the twelve-month fiscal period from July 1, 2017 through June 30, 2018, and taking certain other related actions

## **ALTERATIONS TO REGULAR AGENDA**

***M/S: McPherson/Ramirez***

***To approve the Regular Agenda as amended moving Item C from the consent agenda to the regular agenda for discussion.***

***Carried 5/0/1 (AYES: Bateman, Dilles, McPherson, Ramirez, Ziel; ABSENT: Patterson)***

## **REGULAR AGENDA**

- C. **Approve Resolution No. OB-35, approving the Recognized Obligation Payment Schedule for the twelve-month fiscal period from July 1, 2017 through June 30, 2018 and taking certain related actions**

BM Ramirez asked about one of the items 23 and 24 on the ROPS. Board Counsel Powell responded that those items were based on a court judgement related to litigation between the County of Santa Cruz and the City of Scotts Valley.

***M/S: Ramirez/McPherson***

***To approve Resolution No. OB-35, approving the Recognized Obligation Payment Schedule for the twelve-month fiscal period from July 1, 2017 through June 30, 2018 and taking certain related actions.***

1. **Future Agenda Items**

Chair Dilles requested a discussion regarding the status of the Oversight Board.

**ADJOURNMENT**            The meeting adjourned at 2:35 p.m.

Approved: \_\_\_\_\_  
Jack Dilles, Chair

Attest: \_\_\_\_\_  
Tracy A. Ferrara, Secretary

## Oversight Board for the Successor Agency of the Scotts Valley Redevelopment Agency

**DATE:** April 12, 2017

**TO:** Honorable Chair and Board Members

**FROM:** Kirsten M. Powell, Agency Counsel

**SUBJECT: CONSIDERATION OF AMENDMENT TO PURCHASE  
AGREEMENT WITH CORBETT WRIGHT FOR THE FORMER  
SUBURBAN PROPANE PROPERTY**

### **SUMMARY OF ISSUE**

In September 2016, the Oversight Board authorized the Successor Agency to enter into an agreement with Corbett Wright, a local developer to purchase former Redevelopment Agency property, known as the "Suburban Propane" site. In accordance with the Long Range Property Management Plan (LRPMP), City staff hired Ron Zeller, a certified real estate appraiser to appraise the property. After taking into consideration current land market value and assumed environmental factors, Mr. Zeller determined that the value of the land "as is" was \$1,000,000. The appraisal based this value, in part, on an assumed amount to remedy known environmental factors on the property, \$225,000. The appraisal also stated that if the remediation costs were higher than the assumed amount, the fair market value of the property would be reduced.

During the due diligence period, it was determined that the appraisal did not take into account nor have access to all of the information and reports that noted environmental conditions and the assumed costs associated with soils remediation, building demolition, and paving and decommissioning of a well were much lower than the actual costs. As a result, the appraisal was revised to reflect assumed actual costs of approximately \$700,000.

After taking into consideration these additional environmental factors, the final revised appraised value was approximately \$520,000. Given this, the purchase agreement has been amended to reflect the new appraised value.

This amendment was approved by the Successor Agency of the Scotts Valley Redevelopment Agency at their April 5, 2017 meeting. The amendment does not need to be approved by the Department of Finance (DOF) because the sale of the property is consistent with the terms of the LRPMP.

### **FISCAL IMPACT**

The property will be sold for \$520,000. That amount will be transferred to the County of Santa Cruz for disbursement to the appropriate taxing entities.

**STAFF RECOMMENDATION**

It is recommended that the Oversight Board consider the attached amendment to the purchase agreement with Corbett Wright.

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**RESOLUTION NO. OB-32.1**

**A RESOLUTION OF THE BOARD OF THE SUCCESSOR AGENCY OF THE SCOTTS VALLEY REDEVELOPMENT AGENCY AUTHORIZING THE EXECUTIVE DIRECTOR OF THE SUCCESSOR AGENCY OF THE SCOTTS VALLEY REDEVELOPMENT AGENCY TO SIGN THAT CERTAIN FIRST AMENDMENT TO SALE AND PURCHASE AGREEMENT BETWEEN THE SUCCESSOR AGENCY OF THE SCOTTS VALLEY REDEVELOPMENT AGENCY AND CORBETT WRIGHT AND/OR ASSIGNS FOR THE SALE OF CERTAIN REAL PROPERTY LOCATED AT 260 MT.HERMON ROAD / (APN NO. 022-231-03)**

**WHEREAS**, the City of Scotts Valley (the "City") adopted its General Plan in 1994 which provided for the development of a Town Center on property located between Mt. Hermon Road and Kings Village Road; and

**WHEREAS**, the City approved a Town Center Specific Plan in December 2008, which further refined the design and plans for the Town Center; and

**WHEREAS**, the former Redevelopment Agency of the City of Scotts Valley acquired a certain property located within the Town Center Specific Plan Area to facilitate the development of the Town Center; and

**WHEREAS**, the formed Redevelopment Agency of the City of Scotts Valley was eliminated and the Successor Agency of the Scotts Valley Redevelopment Agency is now charged with winding down the obligations of the former Redevelopment Agency; and

**WHEREAS**, part of the winding down process requires the sale of certain parcels of land owned by the former Redevelopment Agency, including that certain parcel identified as Assessor Parcel No. 022-231-03 located at 260 Mt. Hermon Road in the City of Scotts Valley (the "Property"); and

**WHEREAS**, on July 15, 2014, the California Department of Finance recently approved the Agency's Long Range Property Management Plan which provided for the sale of the Property for the appraised value; and

**WHEREAS**, on June 1, 2016, Ron Zeller, certified appraiser, prepared an appraisal of the Property and determined the Property was worth \$1,000,000.00 if sold without entitlements or \$1,650,000.00 if sold with entitlements; and

**WHEREAS**, the Appraisal was based upon certain qualifications and assumptions stated in the document including remediation costs (@page 6 and 62) noting that if costs exceed assumptions the appraised value would be reduced; and

**WHEREAS**, on September 21, 2016, the Successor Agency entered into a purchase agreement with Corbett Wright ("Wright") to purchase the Property "as is" for \$1,000,000; and

**WHEREAS**, during the due diligence period, Wright and the Successor Agency determined that the Appraisal did not take into account, nor did the appraiser have access to complete copies of some or all of the three Bureau Veritas North America Inc. ("Bureau Veritas") Reports dated March 27, 2014, May 30, 2014 and September 30, 2014 ("Reports"); the Reports noted conditions and costs associated with soils remediation, demolition of building and paving and decommissioning of the well not previously considered nor fully investigated in determining the Fair Market Value ("FMV") of the Property;

**WHEREAS**, the appraiser has revalued the Property based on the costs of remediation;

**WHEREAS**, the Buyer and Seller desire to amend the purchase agreement to reflect to corrected fair market value as determined by the revised appraisal.

**NOW, THEREFORE**, the Oversight Board of the Successor Agency of the Scotts Valley Redevelopment Agency, hereby resolves as follows:

1. That the aforementioned findings are approved.
2. That the sale of the Property is consistent with the Long Range Property Management Plan.
3. That the property is being sold for the appraised value.
4. That the Executive Director is authorized to execute that certain purchase agreement amendment for the sale of the Property.

**PASSED, APPROVED, AND ADOPTED** this 12<sup>th</sup> day of April, 2017, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

Approved: \_\_\_\_\_  
Taylor Bateman, Acting Chair

Attest: \_\_\_\_\_  
Tracy A. Ferrara, City Clerk

**RESOLUTION NO. SA-30.1**

**A RESOLUTION OF THE BOARD OF THE SUCCESSOR AGENCY OF THE SCOTTS VALLEY REDEVELOPMENT AGENCY AUTHORIZING THE EXECUTIVE DIRECTOR OF THE SUCCESSOR AGENCY OF THE SCOTTS VALLEY REDEVELOPMENT AGENCY TO SIGN THAT CERTAIN SALE AND PURCHASE AGREEMENT BETWEEN THE SUCCESSOR AGENCY OF THE SCOTTS VALLEY REDEVELOPMENT AGENCY AND CORBETT WRIGHT AND/OR ASSIGNS FOR THE SALE OF CERTAIN REAL PROPERTY LOCATED AT 260 MT.HERMON ROAD (APN NO. 022-231-03)**

**WHEREAS**, the City of Scotts Valley (the "City") adopted its General Plan in 1994 which provided for the development of a Town Center on property located between Mt. Hermon Road and Kings Village Road; and

**WHEREAS**, the City approved a Town Center Specific Plan in December 2008, which further refined the design and plans for the Town Center; and

**WHEREAS**, the former Redevelopment Agency of the City of Scotts Valley acquired a certain property located within the Town Center Specific Plan Area to facilitate the development of the Town Center; and

**WHEREAS**, the formed Redevelopment Agency of the City of Scotts Valley was eliminated and the Successor Agency of the Scotts Valley Redevelopment Agency is now charged with winding down the obligations of the former Redevelopment Agency; and

**WHEREAS**, part of the winding down process requires the sale of certain parcels of land owned by the former Redevelopment Agency, including that certain parcel identified as Assessor Parcel No. 022-231-03 located at 260 Mt. Hermon Road in the City of Scotts Valley (the "Property"); and

**WHEREAS**, on July 15, 2014, the California Department of Finance recently approved the Agency's Long Range Property Management Plan which provided for the sale of the Property for the appraised value; and

**WHEREAS**, on June 1, 2016, Ron Zeller, certified appraiser, prepared an appraisal of the Property and determined the Property was worth \$1,000,000.00 if sold without entitlements or \$1,650,000.00 if sold with entitlements; and

**WHEREAS**, the Appraisal was based upon certain qualifications and assumptions stated in the document including remediation costs (@page 6 and 62) noting that if costs exceed assumptions the appraised value would be reduced; and

**WHEREAS**, on September 21, 2016, the Successor Agency entered into a purchase agreement with Corbett Wright ("Wright") to purchase the Property "as is" for \$1,000,000; and

**WHEREAS**, during the due diligence period, Wright and the Successor Agency determined that the Appraisal did not take into account nor did the appraiser have access to complete copies of some or all of the three Bureau Veritas North America Inc. ("Bureau Veritas") Reports dated March 27, 2014, May 30, 2014 and September 30, 2014 ("Reports"); the Reports noted conditions and costs associated with soils remediation, demolition of building and paving and decommissioning of the well not previously considered nor fully investigated in determining the Fair Market Value ("FMV") of the Property;

**WHEREAS**, the appraiser has revalued the Property based on the costs of remediation;

**WHEREAS**, the Buyer and Seller desire to amend the purchase agreement to reflect to corrected fair market value as determined by the revised appraisal.

**NOW THEREFORE**, the Board of the Successor Agency of the Scotts Valley Redevelopment Agency, hereby resolves as follows:

1. That the aforementioned findings are approved.
2. That the sale of the Property is consistent with the Long Range Property Management Plan.
3. That the property is being sold for the appraised value.
4. That the Executive Director is authorized to execute that certain purchase agreement amendment for the sale of the Property.

**PASSED, APPROVED, AND ADOPTED** this 5<sup>th</sup> day of April, 2017, by the following vote:

AYES:	AGUILAR, DILLES, JOHNSON, LIND, REED
NOES:	NONE
ABSENT:	NONE
ABSTAIN:	NONE

Approved: \_\_\_\_\_  
Randy Johnson, Mayor

Attest: \_\_\_\_\_  
Tracy A. Ferrara, City Clerk

## FIRST AMENDMENT TO PURCHASE AGREEMENT

This FIRST AMENDMENT TO PURCHASE AGREEMENT ("FAAgreement") is made this 5<sup>th</sup> day of April, 2017 by and between the Successor Agency of the former Scotts Valley Redevelopment Agency (hereinafter "Seller"), and Corbett Wright and/or approved assigns (hereinafter "Buyer") (collectively "the Parties").

**WHEREAS**, Seller is the owner of that certain property located at 260 Mount Hermon Road, Scotts Valley, APN 022-231-03 (the "Property"), which is located within the Scotts Valley Town Center Specific Plan Area;

**WHEREAS**, Buyer and Seller entered into a Purchase Agreement dated September 14, 2016 for the Property;

**WHEREAS**, the Buyer and Seller intended to buy and sell the Property at the appraised value of the property as determined by Ronald S. Zeller, MAI, RM of Zeller Appraisal Services, Inc. dated June 1, 2016 ("Appraisal");

**WHEREAS**, the Appraisal was based upon certain qualifications and assumptions stated in the document including remediation costs (@page 6 and 62) noting that if costs exceed assumptions the appraised value would be reduced;

**WHEREAS**, the Parties have determined that the Appraisal did not take into account nor did the appraiser have access to complete copies of some or all of the three Bureau Veritas North America Inc. ("Bureau Veritas") Reports dated March 27, 2014, May 30, 2014 and September 30, 2014 ("Reports"); the Reports noted conditions and costs associated with soils remediation, demolition of building and paving and decommissioning of the well not previously considered nor fully investigated in determining the Fair Market Value ("FMV") of the Property;

**WHEREAS**, the appraiser has revalued the Property based on the costs of remediation;

**WHEREAS**, the Seller reaffirms the desire to sell the Property to Buyer and Buyer desires to purchase the Property at the newly appraised value subject to the terms of this First Amendment to Purchase Agreement.

**NOW, THEREFORE**, in consideration of the mutual covenants contained in this FAAgreement, and for other good and valuable consideration, Buyer and Seller further agree as follows:

1. **Purchase Price.** Section 2 of the Purchase Agreement is hereby amended to read as follows:

**“Purchase Price.** The Purchase Price for the Property to be paid by Buyer to Seller for the Property shall be Five Hundred Twenty Thousand Dollars (\$520,000.00), which shall be payable in cash at the Closing (as defined below).”

2. **Buyer’s Further Due Diligence.**

The Due Diligence Period outlined in Section 5 of the Agreement is hereby extended by 45 days from the date of the approval of this agreement by the Oversight Board for the Successor Agency of the Scotts Valley Redevelopment Area.

3. **Seller’s Representations and Warranties.**

Seller modifies paragraph 8 to delete the statement “Seller hereby represents that underground fuel tanks were previously located on the Property, but to the best of Seller’s actual knowledge, such tanks have been removed in their entirety from the Property.” Seller hereby represents to Buyer that to the best of its knowledge, without duty to investigate, there were and are no underground fuel tanks located on the Property

4. **Time is of the Essence.**

Time remains EXPRESSLY of the essence in the performance of the Agreement and this First Amendment to Purchase Agreement.

5. **Integration**

Except as to those provisions amended herein, the terms and conditions of the Agreement remain in effect and are ratified and reaffirmed by the Parties. If there is a conflict between the terms of this FA Agreement and the Agreement, the terms of this FA Agreement shall prevail.

6. **Counterparts.**

This Agreement may be executed in one or more counterparts by the parties hereto. All counterparts shall be construed together and shall constitute one agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date indicated above.

BUYER:  
Corbett Wright

SELLER:  
Successor Agency of the Scotts Valley  
Redevelopment Agency

\_\_\_\_\_  
Corbett Wright

\_\_\_\_\_  
Jenny D. Haruyama, Executive Director