



Agenda Submittal

Agenda #: 2 **Status:** Regular Calendar
Type: COB - Resolution **Department:** Solano Consolidated Oversight Board
File #: COB 19-16 **Contact:** Jorge T. Barrera, 428-7039
Agenda date: 8/8/2019 **Final action:** 8/8/2019
Title: Consider adopting a resolution approving the Sixth Amendment to the Disposition and Development Agreement for Green Valley Corporate Park
Governing body: Solano Consolidated Oversight Board
District: Fairfield Successor Agency
Attachments: 1. A - DDA Sixth Amendment, 2. B - Resolution, 3. C - Presentation, 4. Adopted Resolution 2019-7, 5. Minute Order

Date	Ver.	Action By	Action	Result
8/8/2019	1	Solano Consolidated Oversight Board		

Published Notice Required? Yes ☐ No ☒
Public Hearing Required? Yes ☐ No ☒

RECOMMENDATION:

It is recommended that the Solano Consolidated Oversight Board (SCOB) adopt the resolution approving the Sixth Amendment to the Disposition and Development Agreement for Green Valley Corporate Park.

DISCUSSION:

Background:

In December 1999, the Fairfield Redevelopment Agency and H.J. Shein, Inc., entered into a Disposition and Development Agreement (the "DDA"), for the sale of approximately 109 acres of land as defined below. The DDA was approved in 1999 and subsequently assigned to Green Valley Land, LLC, Green Valley Building 1, LLC and Green Valley Building 12, LLC (collectively the "Developer"). The DDA was amended by a First Amendment dated November 20, 2000, a Second Amendment dated June 4, 2001, a Third Amendment dated October 7, 2004, Fourth Amendment dated March 2, 2011, and a Fifth Amendment dated January 18, 2018.

The Successor Agency to the Fairfield Redevelopment Agency (the "Successor Agency") still owns approximately ±35.72 acres within the Green Valley Corporate Park (the "Site"). The proposed Sixth Amendment to the DDA (the "Amendment") would expand the allowable uses in the DDA to include public facility on any portion of the Site, subject to the zoning of the property; and eliminate a condition to construct no less than 20,000 square feet of commercial/retail space. In the event of a change in zoning, the method used to determine value of any portion of the Site will be the greater of the existing value prior to a change in zoning, or the value derived from an appraisal assuming the change in zoning. The intent of the proposed Amendment is to mitigate volatility in the commercial real estate market affecting the successful disposition of the Site; and offer a zoning designation for Green Valley Corporate Park that could accommodate a public facility use such as a fire station, which the City of Fairfield has identified as best being situated in North Cordelia.

Amendment to the DDA:

Pursuant to Health and Safety Code section 34181 (e), the oversight board may approve amendment to agreements with private parties in order to reduce liabilities and increase net revenues to the taxing entities if the oversight board finds the amendments would be in the best interest of the taxing entities.

Adoption of a resolution approving the Amendment is needed since the proposed Amendment reduces liabilities to the taxing entities. There will be a reduction in liabilities by eliminating certain use restrictions and construction obligations that limit the type of development that can occur on certain property subject to the DDA and providing a condition requiring the Developer to exercise its Option to Purchase upon the occurrence of a change in zoning, which collectively, would expedite the disposition of the property. This would also eliminate the expenses associated with the payment of assessments, cost of maintenance, and diminished value from extended exposure to the real estate market.

The proposed Amendment also increases net revenue to the taxing entities by expanding the allowable uses for on the property subject to the DDA such as high or very high density residential and commercial/retail buildings or public facilities. This allows parties to pursue a change in zoning, and provides a condition whereas in the event a change in zoning occurs, the method used to determine value would be the greater of (i) the existing value prior to a change in zoning, or (ii) the value derived from an appraisal assuming the change in zoning.

Approval of the proposed Amendment is recommended because it is in the best interest of the taxing entities as it eliminates certain use restrictions that limit the type of development that can occur on certain property subject to the DDA making the property more marketable. In the event of a change in zoning, the Developer must exercise its option to purchase the property thereby expediting the disposition of the property and protecting the value of the property as referenced above.

Pursuant to Health and Safety Code Section 34180 (j), Successor Agency staff is submitting the proposed Amendment to the SCOB and to the Department of Finance ("DOF") for approval. The proposed Amendment is also being submitted to the County Administrative Officer and the County Auditor-Controller. The proposed Amendment will become effective upon approval by both the SCOB and the DOF.

CEQA Guideline and Government Fiscal Activity Statement:

The proposed Amendment is not a project subject to the California Environmental Quality Act, Public Resources Code Sections 21000, *et seq.* ("CEQA") and the State CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000, *et seq.*). The proposed Amendment is purely financial in nature and constitutes a "government fiscal activit[y] which do[es] not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment" pursuant to CEQA Guidelines Section 15378(b)(4). The proposed Amendment provides financial terms for the future disposition of property in the event that a change in zoning and General Plan designation should occur. A change in zoning would require the developer to submit an application for a General Plan Amendment, an ordinance amending the zoning, as well as other necessary entitlements to the City of Fairfield. Any proposed zone change, General Plan amendment, or development plan would be subject to review and analysis under CEQA by the City of Fairfield.

Discussion Conclusion:

Therefore, it is recommended that the SCOB adopt a resolution approving the Amendment.

FINANCIAL IMPACT:

The sale of ±35.72 acres during the next five to ten years could generate approximately \$5.4 million to \$8.2 million in net land sales to the taxing entities. In addition, the developer or purchaser of the land would become responsible for property tax assessments and property maintenance moving forward following a sale and conveyance of land.

Proceeds from the sale of any properties will be transmitted to the Solano County Auditor-Controller's Office for disbursement to taxing entities.

ALTERNATIVES:

The SCOB could choose not to approve entering into the proposed Amendment. However, this may prolong the future development and disposition of the properties.

OTHER AGENCY INVOLVEMENT:

On July 16, 2019, the Successor Agency adopted a resolution approving the Amendment. Approval of the proposed Amendment is subject to the approval of the SCOB and the DOF. Actions approved by the SCOB will be presented to the DOF, for review and authorization as required under ABx1 26 and AB 1484.