

**MINUTES OF THE OVERSIGHT BOARD  
FONTANA REDEVELOPMENT SUCCESSOR AGENCY  
FRIDAY, JUNE 15, 2012**

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**CALL TO ORDER/ROLL CALL:**

The Meeting of the Oversight Board, Fontana Redevelopment Successor Agency, was called to order at 9:00 a.m., which was held on Friday, June 15, 2012, in the Fontana City Hall, Executive Conference Room, 8353 Sierra Avenue, Fontana, California. Chairperson Ssenkoloto welcomed OSB Member Laura Mancha and noted that Felise Acosta, RSG Adviser was in attendance.

OSB Members Present: Chairperson Evelyne Ssenkoloto and OSB Members Alejandro Alvarez, Laura Mancha and John Roberts. OSB Members Absent: Vice-Chair Acquanetta Warren, and OSB Members Lynne Fischer and Cid Pinedo.

OSB Staff Present: David Edgar, Deputy City Manager, Administrative Services; Jeff Ballinger, City Attorney, Best, Best & Krieger; Lisa Strong, Management Services Director; Cecilia Lopez-Henderson, Administrative Project Coordinator (Recording Secretary); Ken Hunt, City Manager; and Debbie Brazill, Deputy City Manager, Development Services.

**PUBLIC COMMUNICATIONS:** There were no public communications received.

**A. APPROVAL OF MINUTES FROM APRIL 20, 2012 MEETING**

**ACTION:** Motion was made by OSB Member Alvarez, and seconded by OSB Member Roberts to approve the April 20, 2012 Minutes of the Oversight Board Meeting, Fontana Redevelopment Successor Agency. Motion passed by vote of 3-0. Abstain: OSB Member Mancha.

**B. RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS)/DEPARTMENT OF FINANCE – UPDATE BY LISA STRONG, MANAGEMENT SERVICES DEPARTMENT**

Chairperson Ssenkoloto asked whether any written communication was received on this item. Recording Secretary Cecilia Lopez-Henderson stated that no written communication was received.

Management Services Director Lisa Strong provided an update on the Second Recognized Obligation Payment Schedule (ROPS), and stated that the first two ROPS were submitted to the Department of Finance (DOF). Ms. Strong stated that there were three items that were removed because they were agreements between the City and the former Redevelopment Agency (RDA), which are not allowed under Assembly Bill

26 as an allowable enforceable obligation. Ms. Strong stated that another item that was removed was the \$9.2 million dollars toward the City's Duncan Canyon Interchange, and other than that, all the remaining items were approved on both the first and second ROPS. The third ROPS is due to the Department of Finance in October, so those will be presented to the OSB at the August 24 meeting.

### **C. SECOND AMENDMENT TO THE HILTON GARDEN INN DISPOSITION AND DEVELOPMENT AGREEMENT (DDA)**

Chairperson Ssenkoloto asked whether any written communication was received on the resolution to approve a Second Amendment to the Hilton Garden Inn Disposition and Development (DDA). Recording Secretary Henderson stated that no written communication was received.

Deputy City Manager David Edgar referred to the overhead display map and outlined the location of the parcel at Sierra Avenue and Slover Avenue. Mr. Edgar stated that the property was part of the Empire Center Workout Strategy, which was acquired to build the Hilton Garden Inn.

Mr. Edgar stated that the matter before the Oversight Board was to allow the developer to build the restaurant pad. He stated the developer has an obligation to develop the vacant land as a restaurant pad but also would like to purchase the land. The land is about 40,000 square feet, but staff informed the developer that a family-oriented restaurant in the community is desired and fast food restaurants or drive-through facilities are discouraged. Mr. Edgar stated that it is a small parcel of land and was not conducive to a Black Angus or BJ's restaurants.

Mr. Edgar stated the purchase price identified in the Disposition and Development Agreement (DDA) is \$200,000, which is about \$5 a foot. Mr. Edgar stated that staff is requesting authorization for the Hilton Garden Inn to purchase the land, and provide a development schedule that would allow them to close escrow by the end of this calendar year, and by December 31, 2015 a restaurant site would be developed. If the item is approved by the OSB, the item will subsequently be presented to the City Council. Mr. Edgar concluded his remarks and asked whether there were any questions.

OSB Member Alvarez questioned the original \$200,000 purchase price to the \$400,000 invested price. Mr. Edgar stated that when the original DDA was done, the market was completely different. Discussion ensued concerning whether the developer would sell the land or build and lease the restaurant site. Mr. Edgar responded that the developer is open to both options. Mr. Alvarez questioned if the City would obtain the proceeds if the land sold for more than it was purchased. Mr. Edgar stated that it was unlikely that would occur because the development obligation would not go away.

**ACTION:** Motion was made by OSB Member Roberts and seconded by OSB Member Mancha and passed unanimously by vote of 4-0 to adopt Resolution No. FOB 2012-05 of the Oversight Board of the Successor Agency to the Dissolved Fontana Redevelopment Agency, approving a Second Amendment to the Hilton Garden Inn Disposition and Development Agreement (DDA).

#### **D. SHARED DRIVEWAY EASEMENT AGREEMENT – WESTECH COLLEGE**

Chairperson Ssenkoloto asked whether any written communication was received on the resolution to approve a Shared Driveway Easement Agreement – Westech College. Recording Secretary Henderson stated that no written communication was received.

Deputy City Manager David Edgar stated that Items D and E were closely related and would be presented together. Mr. Edgar referred to the display map and outlined the locations of the parcels on Sierra Avenue. Mr. Edgar stated that the City entered into a DDA with Dix Development (Westech College) to construct a two-story, 20,000 square foot facility at 9460 Sierra Avenue (current location of the Civic Auditorium) that would serve 500 students per semester. He stated higher education continues to be a priority for the City Council and a great opportunity for Fontana.

Mr. Edgar stated the two items before the OSB are separated as follows:

- The first item is the driveway facility which services Olive Street near Sierra Realty and Sons of Italy. Mr. Edgar stated the driveway would be moved to the center of the development, which would increase the value of the property.
- The second item is the parking facility and utility corridor. There is an adjacent property consisting of 16,000 square feet that has existing utilities. Dix Development is requesting permission to use the utility easement in place to build parking on the property.

Mr. Edgar stated that this request is a win-win proposal. On the existing land, there is no access to Sierra Avenue, as it is undevelopable due to the utility access already there, so it made better sense to develop the parcel as parking.

Discussion ensued regarding the Civic Auditorium not being in compliance with the Americans with Disabilities Act (ADA) and having seismic problems.

Mr. Edgar stated that three parcels are owned by the RDA and could be used to create additional access to the back side when Phase II is developed. He stated that by creating another access, three access points could be created in Phase II—Sierra Avenue, Olive Avenue or Holly Drive. Mr. Edgar stated the City is also interested in acquiring a corner lot that contains an auto-related business at Sierra Avenue and Fontlee Avenue. He stated that the owner is interested in relocating, as additional

space and parking is needed. Mr. Edgar concluded his presentation and asked whether there were any questions. There were none.

**ACTION:** Motion was made by OSB Member Mancha and seconded by OSB Member Roberts and passed unanimously by vote of 4-0 to adopt Resolution No. FOB 2012-06 of the Oversight Board of the Successor Agency to the Dissolved Fontana Redevelopment Agency, approving a Shared Driveway Easement Agreement–Westech College.

#### **E. UTILITY AND PARKING EASEMENT AGREEMENT – WESTECH COLLEGE**

Chairperson Ssenkoloto called for a motion on the resolution to approve a Utility and Parking Easement Agreement (Westech College).

**ACTION:** Motion was made by OSB Member Alvarez and seconded by OSB Member Roberts and passed unanimously by vote of 4-0 to adopt Resolution No. FOB 2012-07 of the Oversight Board of the Successor Agency to the Dissolved Fontana Redevelopment Agency, approving a Utility and Parking Easement Agreement-Westech College.

#### **F. THE ORIGINAL ALFREDO'S RESTAURANT – ORAL REPORT BY DAVID EDGAR, DEPUTY CITY MANAGER**

Chairperson Ssenkoloto asked whether any written communication was received on this item. Recording Secretary Henderson stated that no written communication was received.

Deputy City Manager David Edgar provided an oral report concerning the Original Alfredo's Restaurant located in the City of San Bernardino. Mr. Edgar stated that Alfredo's Restaurant would like to relocate or establish an Alfredo's Restaurant in downtown Fontana. He stated Alfredo's Restaurant has been concerned about the demographics at their location in downtown San Bernardino and would like to establish a restaurant facility on Sierra Avenue, which is next door to Cherp's on Sierra Avenue.

Mr. Edgar stated two items needed to occur as follows:

- First, the land needs to be purchased, and a property appraisal on the building prepared (photos of the building were presented). He stated Alfredo's Restaurant has already expressed a desire to buy the land and staff's expectation is the appraisal will be accepted. He stated the appraisal and purchase and sale agreement will return to the Oversight Board at a future meeting for ratification.
- Secondly, the owner of Alfredo's is requesting assistance for physical improvements to the building (improvements to the interior décor or decoration will be done by Alfredo's). He stated the restaurant will be a sports-oriented, higher

end type facility, and the City would be providing the physical improvements through a financing package. Mr. Edgar stated that the goal is to bid out the improvements and have the financing package ready for the City Council in September, so improvements could begin by the end of September and the restaurant opened by December of this year.

OSB Member Roberts questioned whether this item needs to go to the Department of Finance (DOF), and discussion ensued regarding whether review by the DOF was a legislative requirement. Mr. Edgar stated he was not aware that there was a specific legislative requirement that approval was needed by the DOF. He stated the protocol has been the approval by the Oversight Board and consideration by the Successor Agency.

OSB Member Alvarez asked what information was reviewed to insure that Alfredo's Restaurant will be successful in Fontana. Mr. Edgar stated that Alfredo's presented the City with a very aggressive marketing plan and staff feels confident that the owner understands, economically, what it would take to be successful. He stated that Alfredo's did a survey, which showed that many people that visited the San Bernardino facility came from the Fontana area. Alfredo's is convinced that people from Rancho Cucamonga, Ontario and Fontana that are patronizing the San Bernardino restaurant will go to the Fontana facility (survey was done by zip code).

Discussion ensued regarding the Redevelopment Agency's ownership of the facility and using federal monies for the improvement plan.

OSB Member Mancha inquired about available parking for Alfredo's Restaurant. Mr. Edgar responded that Alfredo's presented a parking plan, which showed parking to the north of the restaurant facility and parking to the east, behind the facility. He stated for additional parking behind the restaurant facility, Alfredo's may purchase land to expand the parking should the need arise.

Chairperson Ssenkoloto called for any further questions, hearing none, stated that no formal action was necessary, as this item was for discussion.

## **STAFF/BOARD MEMBER COMMUNICATIONS**

Chairperson Ssenkoloto called on OSB Member Alvarez. Mr. Alvarez stated that he was informed by the County Assessor's staff that the Oversight Board is the body that would address the issue of underpayment to the Fontana Unified School District regarding redevelopment money prior to Fiscal Year 2011/2012.

City Manager Ken Hunt stated if there was an action for judgment, then it would be the City's responsibility. Mr. Hunt stated that because there was no judgment, there is no legal basis, and therefore, no court case to resolve the issue. He stated that the City's legal ability to place it on the ROPS (Recognized Obligation Payment Schedule) was

determined by having an agreement or contract or court case and none of that exists. City Attorney Jeff Ballinger stated the funds are no longer going through the City's Redevelopment Agency; the funds are going directly to the County and that was why the taxing entities have been referred to the County. Discussion ensued regarding whether legal action was the best course of action to resolve the issue.

No other comments were provided by the OSB Members. Chairperson Ssenkoloto called upon the City staff and the public for comments. No comments were provided.

## **WORKSHOP:**

### **PROPERTY DISPOSITION STRATEGY – PRESENTATION BY RSG ADVISOR FELISE ACOSTA**

Chairperson Ssenkoloto introduced the City's consultant, RSG Advisor Felise Acosta who presented the property disposition strategy. Ms. Felise Acosta stated that due to the dissolution of the redevelopment agency, RSG will be assisting the City in property disposition. She stated that Fontana has 115 parcels that need to be used in the best possible way. She stated that conversations with Deputy City Manager David Edgar have been ongoing concerning the property disposition process. The process must be expeditious and value maximized, but also in the best interest of the community at large—not just the city—but the schools, the children, etc.

Ms. Acosta stated that a methodology for Fontana will be developed (referred to a flow chart), and based on the methodology, procedures for property disposition will be developed by the City or Successor Agency and then reviewed by the Oversight Board.

Ms. Acosta stated the community's goals and interests in the disposition of the properties need to be determined, and then the properties will be assessed. Ms. Acosta stated an exception exists in Assembly Bill 26 that properties acquired for public facilities could be transferred to a public agency to which that property was acquired for. These properties will be assessed and confirmed that they meet the criteria of the law by the City's attorneys, and brought forward to the Oversight Board for consideration of transference to whatever entity is appropriate. Ms. Acosta provided an example that parks that were owned by the redevelopment agency fall into this exception category.

OSB Member Alvarez asked what was the impact on the transfer of property versus the sale of the property. Ms. Acosta stated that any funds derived from the sale of property go into a tax increment trust fund, which should be disbursed to the taxing entities. Discussion ensued regarding the disbursement of funds to the taxing entities based on tax levy rates.

Ms. Acosta stated that procedures to require and assess an appraisal and the categorization of each property would be necessary, including whether it may have some significance to the community, such as a parcel that was located adjacent to a

school. She stated the current zoning and general plan designations and safeguards for proper development would also need to be determined. Ms. Acosta stated that to facilitate the process, an appraiser and title and escrow companies would need to be retained. Mr. Edgar stated procedures would be in place for the August Oversight Board meeting. During this timeframe, staff would be talking to title companies and escrow companies about what they need in conjunction with this process.


OSB Member Mancha asked why there was a need to be expeditious in the process, and asked whether there was a timeline for the disposition of the properties. Mr. Edgar stated that four years is the timeline. Discussion ensued regarding current market conditions and when the market would be improving.

Ms. Acosta stated cities must liquidate their assets as quickly as possible but to maximize value. She stated having a strategy and procedures for the disposition of property would help protect the Successor Agency and the Oversight Board. Mr. Edgar stated that the City will be trying to maximize value and understanding the intent by which the land was purchased. He stated the City would like to take advantage of the development cycle and be able to develop the property for which it was intended.


OSB Member Alvarez asked whether a listing of RDA-owned properties could be provided, so that a better idea of the types of properties could be obtained. Mr. Edgar stated that a list would be provided. Ms. Acosta stated that the types of funds that were used to purchase the properties, such as, tax increment, federal money, or tax exempt bonds are also critical issues. Ms. Acosta stated the intent is to compile enough information about each parcel and have that information available to the Successor Agency and the Oversight Board.

**ADJOURNMENT:**

Chairperson Ssenkoloto adjourned the Fontana Oversight Board Meeting at 10:14 a.m. to the next Fontana Oversight Board Meeting on Friday, August 24, 2012 at 9:00 a.m., Fontana City Hall, Executive Conference Room, 8353 Sierra Avenue, Fontana, California.



Lynne Fischer  
Secretary



Evelyne Ssenkoloto  
Chairperson