

City of Eureka Successor Agency
***REVISED* LONG RANGE PROPERTY**
MANAGEMENT PLAN



Prepared by
City of Eureka
Redevelopment Successor Agency
June 2015



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MANAGEMENT PLAN**

Submitted to:
Successor Agency Oversight Board
and
State of California
Department of Finance



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¹ Property has been removed from the Long Range Property Management Plan at the request of the State Department of Finance. Property is considered a housing asset and will be transferred in a separate Oversight Board action to the Housing Successor Agency.

² Property has been removed from the Long Range Property Management Plan at the request of the State Department of Finance.

INTRODUCTION

This document constitutes the Long Range Property Management Plan (LRPMP) of the Successor Agency (Successor Agency) of the Former Redevelopment Agency of the City of Eureka (Former RDA), prepared in accordance with Health and Safety Code Section 34191.5.

The Former RDA was dissolved on February 1, 2012 pursuant to ABx1 26 (as amended by AB 1484). These Redevelopment Dissolution Statutes govern the dissolution of the Former RDA, which includes the disposition of its former real property. At the time of its dissolution, the Former RDA owned 17 properties (collectively, the Properties, and individually, the Property), which are the subject of and are fully described in the LRPMP. Pursuant to the Redevelopment Dissolution Statutes, ownership of the Properties transferred on February 1, 2012, to the Successor Agency³. Figure 2 provides a general location map of the Properties within Eureka.

The Properties (except Property #3) are located within the Eureka merged Redevelopment Project Area (Project Area) and are subject to the Amended and Restated Redevelopment Plans for the Eureka Merged Redevelopment Project, and the City of Eureka's zoning and land use regulations as set forth in the City's Municipal Code and General Plan .

The Successor Agency is now responsible for disposition of the Properties in accordance with the procedures and requirements of the Redevelopment Dissolution Statutes, with particular reference to Health and Safety Code Section 34191.1, 34191.3, 34191.4(a), and 34191.5.

The LRPMP was presented for consideration of approval on October 15, 2013, to the Eureka Successor Agency (i.e., Eureka City Council serving in its separate capacity as the governing board of the Successor Agency). The Successor Agency obtained a "finding of completion" from the Department of Finance (DOF on April 12, 2013 (Appendix B). Pursuant to Health and Safety Code Section 34179.7, the Successor Agency was then entitled to submit the LRPMP for approval by the Oversight Board of the Successor Agency (Oversight Board), which was established pursuant to the Redevelopment Dissolution Statutes and the Department of Finance. The Successor Agency presented the LRPMP to the Oversight Board on October 17, 2013. Pursuant to Resolution No. 01-02 the Oversight Board approved the LRPMP and the Successor Agency submitted the LRPMP to the Department of Finance for its approval on October 18, 2013. The Department of Finance has provided the Successor Agency with comments on the LRPMP including a request that three properties be removed from the Plan. This Amended LRPMP addresses the comments provided by the DOF. After approval of this Amended LRPMP by the Oversight Board, the Successor Agency will submit the amended Plan to the DOF. In accordance with Health and Safety Code Section 34191.5(c), this LRPMP contains an inventory of specified information related to each of the Properties, and addresses and sets forth the proposed plan for the disposition and uses of each

³ The Former RDA transferred the Properties to the City in March 2011. Pursuant to the Dissolution Statutes, the transfer is subject to reversal upon an order of the State Controller. Although Eureka has not received any such order, Eureka is preparing this LRPMP in accordance with the Dissolution Act as if the Properties had transferred to the Successor Agency on February 1, 2012, while reserving any and all rights to challenge any order to reverse the transfer of the Properties to the City from the Former RDA.

of the Properties. Health and Safety Code Section 34191.5 sets forth four options for the disposition of the Former RDA's Property:

1. Retention of the Property for a governmental use such as parks, libraries, police stations and other public uses. If the Property is proposed to be transferred for a governmental use it is to be transferred to the appropriate public entity.
2. The sale or use of the Property to fulfill an enforceable obligation.
3. The retention of the Property for future development.
4. The use of the Property for a project identified in an approved redevelopment plan in which event the Property is to transfer to the City.

If the Property is designated for sale or if the revenues from the Property are to be used for any purpose other than to fulfill an enforceable obligation, the proceeds from the sale of the Property must be distributed to the taxing entities as property tax in accordance with each entities' proportionate share of property tax dollars. Appendix C summarizes the proposed disposition for each of the Properties.

The LRPMP proposes that 10 of the Properties be transferred to the City as governmental use properties. These properties include Clara Mae Berry Park, the parking lots for the Adorni Recreation Center, the Romano Gabriel Sculpture Garden, the Fisherman's Terminal, the Property housing the City Schools Corporation Yard, and several parking lots serving businesses in the Old Town area. The City currently pays the costs of maintaining these Properties although they were historically owned by the former RDA. Many of these Properties were originally City owned Properties and were expected to be transferred back to the City after completion of improvements on the Properties.

The LRPMP proposes that 4 properties be conveyed to the City for use for a project identified in the Redevelopment Plan. These properties include the Carson Mill Site, and the Properties at the NE Corner of 1st and C Street, the NW Corner of 1st and D Street and the NW Corner of 1st and C Street. All of these Properties have been the subject of significant time and effort on the part of the Former RDA to advance the Properties for development consistent with the Redevelopment Plan. These Properties represent significant and important sites in the Redevelopment Plan Area, and development of the Properties in a manner consistent with the Redevelopment Plan will accomplish the City's goals and objectives for the revitalization of the Redevelopment Project Areas. The LRPMP sets forth certain standards for the disposition of these Properties once they are transferred to the City to ensure that the Properties are used for the purposes set forth in the Redevelopment Plan.

OVERVIEW OF EUREKA AND ITS REDEVELOPMENT AGENCY HISTORY

The City of Eureka is the principal city and county seat of Humboldt County in the Redwood Empire region of California. Eureka is the largest west coast port between San Francisco and Portland with a population of more than 28,000 residents (see Figure 1, page 6). It is the regional center for government, health care, and the arts on the North Coast. Greater Eureka is the location of the largest deep-water port between San Francisco and Coos Bay Oregon. The City is a designated State Historic Landmark (No. 477). Eureka has a significant number of Victorian structures, including the internationally recognized Carson Mansion. The City has retained its original 19th century commercial core as a federally designated Old Town Historic District.

Founded in 1856, Eureka has played a vital role in Northern California's logging and commercial fishing industries. It remains an important hub of business and social activity for hundreds of miles around, and ties to the past remain strong as residents continue renovating the many turn-of-the-century buildings in the City.

However, it was not always that way. The decline of the fishing and timber industries led to the abandonment of Eureka's historic bay front commercial district. Vacant buildings deteriorated, and high crime prevented significant development.

In order to reverse the downward spiral, the Former RDA was established in the early part of 1970, under the Federal Urban Renewal Program, with its major source of funding being from the Federal Neighborhood Development Program (NDP). These initial grant monies were used by the Former RDA in starting the Redevelopment Program in the Old Town Revitalization Project.

In 1973, the City and Former RDA adopted its Core Area Redevelopment Plan with broader boundaries than the original NDP project area (Phase I and Phase II), which expanded the Redevelopment Project Area to approximately 960 acres.

Since its incorporation on February 3, 1970, the Former RDA has been working towards the overall goal as stated in the Core Area Development Plan, adopted by the Former RDA and City Council in December 1973. The goal is as follows:

The overall goal of the Redevelopment Agency is to create an economic and environmental climate conducive to stimulate progress, and at the same time maintain the qualities which make Eureka a good place, in which to live, work and visit.

Within this overall goal, the objectives of the Core Area Plan are to provide a detailed framework for revitalizing the Downtown Office and Commercial Areas, Industrial Area, Waterfront, Old Town improvements and increasing the quality and quantity of residential units located in the Core Area.

Among the specific objectives identified to achieve this goal are the following:

- 1. Build Eureka's Core Area into a substantial visitor attraction, to generate and maintain a healthy tourist industry.*
- 2. Create a better downtown environment for the enjoyment, convenience and benefit of the people in Eureka and surrounding area.*
- 3. Bolster Eureka's position as the commercial hub of its market area.*
- 4. Establish Eureka as the cultural and social center of the north coast.*
- 5. Develop new and expanded employment resources for local residents.*
- 6. Maintain the flow of state and federal funds into the area, to help combat weaknesses in the local economy.*
- 7. Provide diverse new housing opportunities within the Core Area, particularly for the elderly and moderate to low income groups.*
- 8. Provide adequate, safe and sanitary housing for all persons who are displaced as a result of any action to improve the Core Area.*
- 9. Provide adequate sites for all businesses which are displaced as a result of the actions to improve the Core Area.*
- 10. Obtain better utilization of the total Waterfront, including adequate access for public use and employment.*
- 11. Provide adequate separation of pedestrian, passenger and commercial traffic movements, and eliminate to the greatest extent possible Core Area truck traffic once the freeway is complete, in order to minimize the adverse effects of noise and vibration.*
- 12. Preserve the architectural and cultural heritage of Eureka by rehabilitating and restoring historic buildings and areas, thus protecting a significant record of California's past. The importance of this historical record has been recognized in the designation of the entire City as a state historical landmark.*

Since the adoption of the Core Area in 1973, the City and Former RDA have been steadfast in pursuing and accomplishing these relevant and on-going goals and objectives.

To further reinforce the vision of Eureka's waterfront, in 1993, after a yearlong public process, the Eureka City Council and Former RDA implemented the Waterfront Revitalization Program. The approved program included eleven key projects which spurred significant development along Humboldt Bay, including two Properties included in the LRPMP, both of which are recommended for transfer to City as governmental use properties - the Fisherman's Terminal and the "C" Street Market Square. The following are the most significant projects contributing to satisfying the ongoing goals and objectives of the City of Eureka:

- **Fisherman's Terminal Building** – the construction of a 17,000 square foot fish processing facility which includes a fish market and café (completed 2011)
- **C Street Market Square** - the improvement of the "C" Street from 1st Street to the Boardwalk and the development of a public plaza at the foot of "C" Street (completed 2011)
- **Flake Ice Facility** – the development of a new Flake Ice Facility for use by the commercial fishing fleet and sports fishing boats (completed 2010)
- **Commercial Street Fueling Facility** - Dockside fueling facility repair and upgrade of piping, electrical, monitoring and controls (completed 2010)
- **Fisherman's Work Area & Commercial Dock** - wide commercial dock with hoists adjacent to Fisherman's Terminal Building and work area (completed 2006)
- **Eureka Waterfront Plaza & Boardwalk** – the construction of a recreational plaza and boardwalk adjacent to planned developments at a cost of \$8 million (completed 2001)
- **Small Boat Basin & Wharfinger Building** – the rehabilitation of the small boat basin, and construction of the Wharfinger building which houses Humboldt Bay Yacht Club and multipurpose meeting rooms (completed 2000)
- **Humboldt Bay Deepening** - dredging of the bar and entrance channel and the North Bay and Samoa channels (completed 1999)

The preparation and adoption of the 5-Year Implementation Plans reinforced the City and Former RDA's direction, and will be noted when discussing the future of the 14 properties in the LRPMP. The City of Eureka would like the opportunity to retain the progress that has been made and allow the completion of the projects that have been identified in the Redevelopment Plan, the Implementation Plan and the General Plan as furthering the City and the Former RDA's goals and objectives for the Former RDA Project area.

EUREKA LOCATION IN CALIFORNIA MAP

Figure 1



PROPERTY INVENTORY

The following is the required inventory information for the 17 Properties subject to the Long Range Property Management Plan. The inventory is organized to address the specific LRPMP inventory subsections listed in the Health and Safety Code Section 34191.5(c)(1).

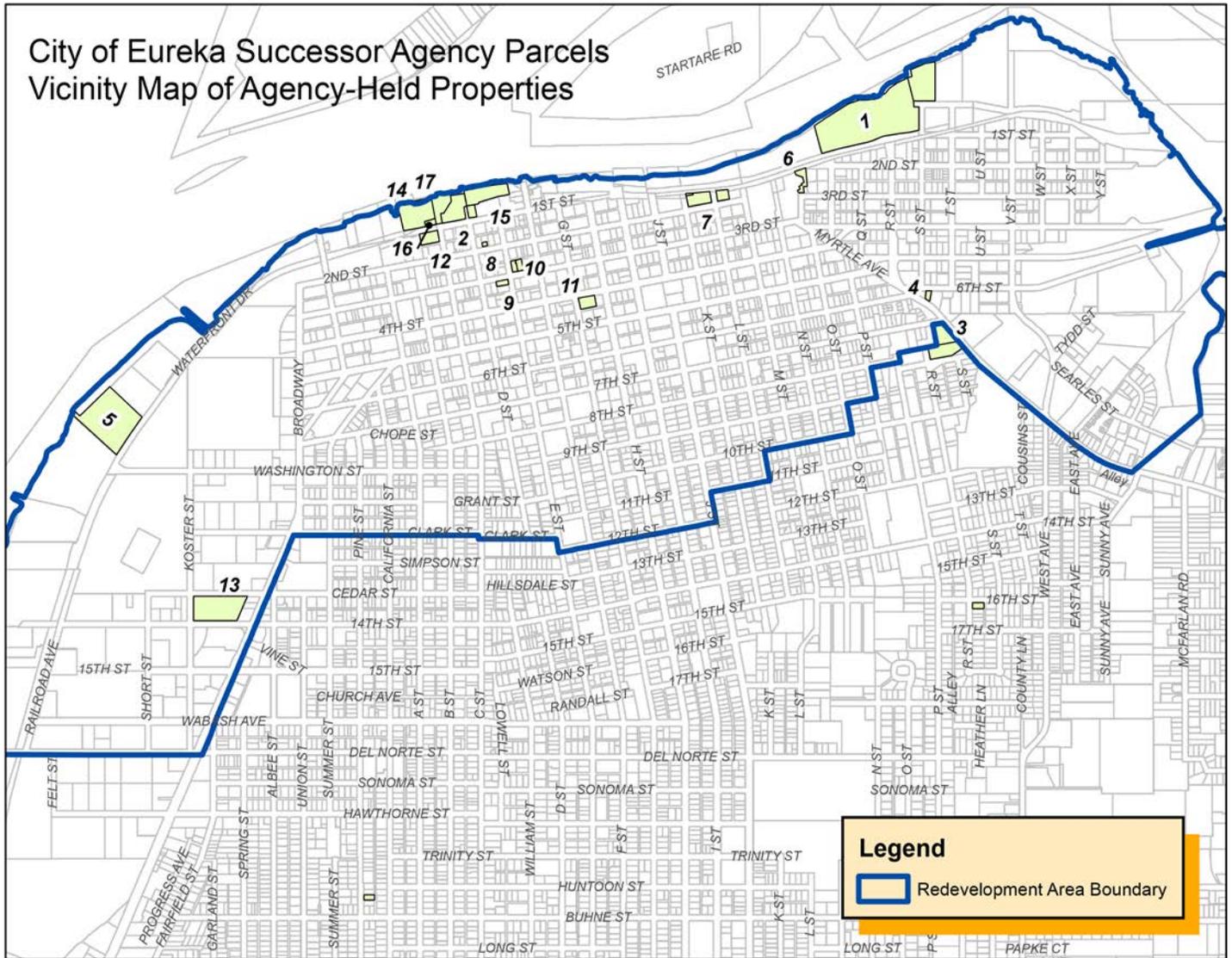
The Properties described are as follows:

- PROPERTY #1 - CARSON MILL SITE
- PROPERTY #2 - N.E. CORNER OF 1ST & C STREETS
- PROPERTY #3 - BETWEEN 7TH & 8TH STREETS ON MYRTLE AVE. (No longer part of Plan⁴)
- PROPERTY #4 - 1808 6TH STREET (No longer part of Plan)⁴
- PROPERTY #5 - CARGO STORAGE FACILITY (No longer part of Plan)⁵
- PROPERTY #6 - CLARA MAE BERRY COMMUNITY PARK
- PROPERTY #7 - ADORNI RECREATION CENTER PUBLIC PARKING LOTS
- PROPERTY #8 - ROMANO GABRIEL SCULPTURE GARDEN
- PROPERTY #9 - OLD TOWN POLICE ANNEX & PARKING LOT
- PROPERTY #10 - CLARKE PLAZA
- PROPERTY #11 - SE CORNER OF 4TH & G STREETS
- PROPERTY #12 - SW CORNER OF 1ST & C STREETS
- PROPERTY #13 - EUREKA CITY SCHOOLS CORPORATION YARD
- PROPERTY #14 - FISHERMAN'S TERMINAL
- PROPERTY #15 - NW CORNER OF 1ST & D STREETS
- PROPERTY #16 - NW CORNER OF 1ST & C STREETS
- PROPERTY #17 - C STREET MARKET SQUARE

⁴Property has been removed from the Long Range Property Management Plan at the request of the State Department of Finance. Property is considered a housing asset and will be transferred in a separate Oversight Board action to the Housing Successor Agency.

⁵ Property has been removed from the Long Range Property Management Plan at the request of the State Department of Finance.

Figure 2



PROPERTY #1 - CARSON MILL SITE



PARCEL INFORMATION

Map Reference	1
Address	1535 Waterfront Drive
Assessor's Parcel No.	002-241-013, 002-241-007
Current Zoning	CW (Waterfront Commercial) (Coastal)
Lot Size	8.41 acres or 366,339.6 sq. ft. (002-241-013) 1.88 acres or 81,892.8 sq. ft. (002-241-007) 10.29 acres or 448,232.4 sq. ft. Total
Former RDA Asset Value⁶	\$4,167,030 (AP# 002-241-013) \$ 820,000 (AP #002-241-007) \$4,987,030 Total
Current Use	The site is currently vacant with the exception of a temporary 3,000 sq.ft. boat house occupied by the Humboldt Bay Rowing Association (HBRA).

PROPERTY ACQUISITION DATE AND PURPOSE

The Property was originally acquired by the City of Eureka on March 1996 by foreclosing on an unpaid note. The note was held in the City's General Fund and at the time of foreclosure the City took title to the Property.

⁶ For each of the properties, the Former RDA Asset Value is the value carried on the Former RDA's books and reflects either the acquisition costs to the Former RDA at time of acquisition or the estimated value of the Property at the time of acquisition. The Former RDA Asset value is not based on current appraisals and the Successor Agency has not obtained any appraisals for the Properties.

The Property is located within the Eureka city limits and the California Coastal Zone, and has been used for various industrial purposes since the mid-1800s. To facilitate future development of the site, the Property was transferred from the City to the Former RDA in February 1999. In order to prepare the site for purchase and development, the Former RDA contracted with Planwest to prepare a "Carson Mill Site Reuse Study". The study, completed in 2001, describes the planning and implementation steps necessary for reuse of the site.

Among other things the study notes the following - *the soils west of the Samoa Bridge reportedly contain a mixture of manufactured fill and debris. The need for piling type foundation for new construction is evident.*

The Property has been the subject of an environmental clean-up (see environmental contamination history below) which was completed in 2010 by the Former RDA. The Property is now ready for purchase and development.

KNOWN GROUND ISSUES

Archaeological Study – An archaeological study of the Carson Mill Site was performed in May 1983 by Kathleen Roscoe and James Roscoe for the Former RDA. The study found that there were no historic structures on the site; however, prehistoric and historic archaeological sites (CA-HUM-65 and CA-HUM-686H) exist on the parcel. The study located and identified prehistoric or historic archaeological resources, evaluated potential adverse impacts that might occur to these cultural resources as a result of development, and made recommendations for avoidance of impacts to these resources.

ENVIRONMENTAL CONTAMINATION HISTORY

Mill Reuse Plan - In 2001 the "Carson Mill Site Reuse Study", prepared by Planwest, was completed and submitted to the City of Eureka. The study describes the planning and implementation steps necessary for reuse of the site.

The Carson Mill was part of the Brownsfields Targeted Site Assessment Program of the United States Environmental Protection Agency (US EPA). The program provided a Superfund Technical Assistance and Response Team (START), from Ecology and Environment (E & E) of San Francisco, to conduct a Phase II Brownfield Site Investigation. START sampled the soil, sediment, and groundwater at the site in September 2000 and portions of the Property were found to be contaminated with hydrocarbons and heavy metals rendering the Property blighted and non-developable.

A summary of E & E report findings are located under the "Hazards and Hazardous Materials" section of the Reuse Plan.

In 2010, the former RDA completed the final environmental clean-up recommended by the Phase II Soil and Groundwater Investigation.

Environmental reports and other site studies are listed below:

- Eureka General Plan Environmental Impact Report, 1997
- Eureka Redevelopment Agency "All Events Center" Request for Proposals, May/June 1999
- City of Eureka Draft Program Environmental Impact Report for the Community/Conference Center and Halvorsen Village Development, May 1982
- Phase II Brownsfields Targeted Site Assessment Sampling Results: Old Carson Mill Site, Eureka California, January 2001 (Ecology and Environment)
- City of Eureka Phase II Soil and Groundwater Investigation, Eureka, California, June 1994 (SHN Consulting Engineers and Geologists)

Soil and Groundwater Management Contingency Plan. RWQCB Case No. 1NHU330.

HISTORY OF DEVELOPMENT PROPOSALS AND ACTIVITIES

The Property has been the subject of numerous development efforts, some of which are as follows:

Halvorsen Hilton Hotel - The completion of the Halvorsen Hilton Hotel was slated to occur in December 1985. The 210 room Hilton Hotel was to be 8 stories and include a restaurant, coffee shop, 17,000 square feet of meeting space, and 87 space recreational vehicle facility, a landscaped parking lot with 599 spaces, and was to have provided 311 full-time jobs.

The development was to be financed with a combination of Tax Allocation Bonds, Industrial Development Bonds, private equity, Federal Urban Development Action Grant, and California Coastal Conservancy Grant. Due to financing issues, the project was unfunded and went into default.

In March 1996, the City of Eureka obtained the Property by foreclosing on an unpaid note in the amount of \$5,876,680. The note was held by the City's General Fund and at the time of the foreclosure, the City took title to the Property.

To facilitate future development of the site, the Property was transferred from the City to the Former RDA in February 1999 and the City took back a note for the then-current appraised value of \$4,200,000. The note was recorded against the Property. Since the date of the note, a total of \$1,552,974 in interest has accrued, resulting in a balance due on the note of \$5,675,030 as of June 30, 2005.

Halvorsen Park - In March of 1999, Council adopted a resolution creating a 3.5 acre waterfront performance park (Carson Mill Park) as jointly recommended by the City's Open Space, Parks and Recreation Commission and Harbor Commission on a portion of the site. At that time the 3.5 acres were transferred to the City, and the Former RDA note was reduced by the value of the Property transferred to the City.

Agency Development Activities - Since 1999, the Former RDA has undertaken numerous projects designed to facilitate development of the Property, including appraisals, surveying, re-use planning or remediation on the site.

Lease Revenue Bond - In December 2010, the Former RDA through the Eureka Public Financing Authority issued approximately \$4.92 million in Lease Revenue Bonds for the Former RDA to reimburse the City for the purchase of the Property.

Development Proposals - Since the City/Agency Property acquisition, the Former RDA has been aggressively marketing the Property as evidenced by the numerous Requests for Proposals that have been issued. Responses have included 3 hotels, an "All Events Center", RV Park, Eco Hostel, Exotic Animal Museum/Aquarium, Waterfront Conference Center, a cultural facility and a Humboldt State University Marine Research Facility. Exclusive Right To Negotiate (ERTN) Agreements were executed on the majority of the proposals, but during the due diligence process, projects were abandoned due to high construction costs from foundation requirements (pilings), Coastal Commission permitting issues, soil contamination issues and the downturn in the economy.

Humboldt Bay Rowing Association Boat House - The only current use of the Property is a temporary 3,000 square foot Boat House used by the Humboldt Bay Rowing Association (HBRA). HBRA does not pay any rent for the use of the Property.

POTENTIAL FOR TRANSIT ORIENTED DEVELOPMENT & MEETING THE PLANNING OBJECTIVES OF THE SUCCESSOR AGENCY

Transit Oriented Development - Eureka is a remote and rural location with limited transit options. The City contracts transportation services with the Humboldt Transit Authority for the Eureka Transit bus service. The cost to the City for transit service ranges from 70 to 83% for each ride provided, making the provision of additional transit infeasible.

Meeting Planning Objectives of the Successor Agency - The site has been historically identified as key to the success of Eureka's revitalization efforts, presenting a significant development opportunity along the Waterfront. Development of the Property consistent with the Redevelopment Plan would further the goals and objectives of the Redevelopment Plan, as evidenced in the Core Area Development Plan which states the following objectives:

1. *Build Eureka's Core Area into a substantial visitor attraction, to generate and maintain a healthy tourist industry.*
2. *Create a better downtown environment for the enjoyment, convenience and benefit of the people in Eureka and surrounding area.*
3. *Bolster Eureka's position as the commercial hub of its market area.*
4. *Establish Eureka as the cultural and social center of the north coast.*

These original goals and objectives continue today as evidenced in the following relevant sections from the 5-Year Implementation Plan adopted on December 21, 2010:

Goal: *To revitalize Eureka's core area by enhancing the waterfront for both industrial and recreational purposes, facilitating the development and redevelopment of the industrial areas, preserving and strengthening the residential area and commercial areas, and improving public space and facilities.*

Objective: *To revitalize the Eureka waterfront and eliminate blighting influences.*

Policies Supporting Objective:

- *The Agency shall encourage the maintenance of the historic maritime industrial and commercial character of areas of the waterfront while working with owners to rehabilitate existing structures and construct new ones.*
- *The Agency shall work to support the economic viability of working maritime waterfront uses.*
- *The Agency shall encourage the expansion of waterfront recreation and maritime activities which also serve as tourist attractions.*
- *The Agency shall pursue opportunities to improve the bay, including activities such as dredging and enhancing dock space.*
- *The Agency shall facilitate the improvement of public access to and along the shoreline, including pedestrian and vehicular access to the area along Waterfront Drive.*
- *The Agency shall work to maintain the scenic and visual amenities offered by the waterfront.*
- *The Agency shall facilitate the development and redevelopment of key parcels, considering factors such as project use and aesthetics.*
- *The Agency shall make efforts to attract businesses to the area and support events and festivals which attract resident and tourist visitors.*

Activities/Programs Implementing Goals and Objectives

- *Waterfront Revitalization Activities. The Agency will provide assistance and sponsor activities which will improve, rehabilitate, develop, and redevelop the waterfront. These activities include assistance for rehabilitation of existing waterfront properties, the construction and reconstruction of streets to improve pedestrian and vehicular access, the provision of public improvements to stimulate private investment, assist in the acquisition and assemblage of properties, the disposition of public properties consistent with the goals and objectives of the Redevelopment Plan, the provision of new, or improvement of existing, community facilities, and improvements to the bay that will enhance the use of the waterfront.*

ESTIMATE OF ANY LEASE, RENTAL OR ANY OTHER REVENUES

No lease, rental or other revenues are received from this Property. The HBRA does not pay rent for the use of the site. Costs of maintaining the Property are borne by the City of Eureka.

USE/DISPOSITION OF PROPERTY

For the reasons and purposes described below, this LRPMP directs as the ultimate long-term disposition and use of the Carson Mill Site "the use or liquidation of the Property for a project identified in an approved redevelopment plan," so that, upon approval of the LRPMP, "the Property shall transfer to the City" (quoted Sections per Health and Safety Code Section 34191.5(c) (2)(A)). The Successor Agency is proposing to transfer the Property to the City for future development consistent with the Redevelopment Plan. The City will dispose of the Property in accordance with the Principles and Guidelines for Development of Properties transferred to the City attached as Appendix A to this LRPMP. Prior to disposition of the Property, the City will enter into a compensation agreement with the taxing entities.

The goals and objectives from the Redevelopment Plan and the Implementation Plan set forth above are relevant to the disposition of the Property. The use of the Property as slated in the Implementation Plan is for a visitor serving use that promotes access to the waterfront and increases tourism in the area, which could include a hotel or recreational uses. The Property has been the subject of numerous development efforts as set forth above, but because of the significant challenges involved in the development of the Property, each effort has failed. However, the Property remains a prime development site for achieving the goals and objectives of the Redevelopment Plan due to its strategic location on the waterfront and its proximity to Halvorson Park. In order to ensure that the Property develops in a manner that is consistent with the goals and objectives of the City and the Successor Agency, it is important that the City retain authority over the disposition of the Property. Upon development of the Property in a manner consistent with the Redevelopment Plan and the Implementation Plan, the Property is expected to generate significant property tax revenue for the benefit of the taxing entities. The actual amount of property tax revenue will be determined by the development that ultimately occurs. The City will cause the Properties to be developed in accordance with the principals and guidelines set forth in Appendix A.

PROPERTY #2 - NE CORNER OF 1ST & C STREETS



PARCEL INFORMATION

Map Reference	2
Address	NE Corner of 1 st & C Streets
Assessor's Parcel No.	001-054-047, 001-054-013
Current Zoning	CW (Waterfront Commercial) (Coastal)
Lot Size	1.34 acres or 58,370 sq. ft.
Former RDA Asset Value	\$500,000
Current Use	Vacant Land

PROPERTY ACQUISITION DATE AND PURPOSE

In 1995, the Former RDA purchased several dilapidated blighted properties along Eureka's historic waterfront. These properties had been stagnant for over 30 years and had become an economic and social drain on the community. Health and safety issues were significant, with high illegal drug activity and fire risks being of major concern. The Former RDA secured these properties, resolved out-standing title issues, prepared the properties for purchase and development, and reserved several parcels for public use as identified in the Waterfront Revitalization Plan.

KNOWN GROUND ISSUES

The Property is located adjacent to Humboldt Bay, which will require special building construction, such as driven pile foundations.

ENVIRONMENTAL CONTAMINATION HISTORY

Preliminary Environmental Site Assessment (ESA) - In July 1995, Oscar Larson and Associates (OLA) conducted a Preliminary Environmental Site Assessment (ESA) for the properties bounded

by Humboldt Bay, First Street, D Street and C Street (AP #'s 001-054-013, 001-053-047, and 001-054-048). Following are excerpts for the ESA:

The purpose of the ESA was to identify conditions or activities (current or historical) on or near the subject site that imply the potential for, presence of, hazardous substance or petroleum product contamination in the subsurface soil or groundwater at the site...

"Historically the subject parcels were used for warehousing, hotels, saloons and light manufacturing. No evidence was found indicating hazardous materials or petroleum products were stored in the warehouses or that light manufacturing used hazardous substances or petroleum products. The adjoining sites to the east and south were used for similar purposes. West and southwest adjoining properties were occupied by a lumber mill and a coal gas plant, respectively, in the early to mid-1900s.

Research of the recent uses of the site and the site reconnaissance did not reveal conditions that indicate previous or potential onsite sources of hazardous materials and petroleum products. Exterior building shingles, suspected to contain asbestos, were found in the vicinity of a previously burned building."

Based on the results of the Phase 1 Assessment, no further investigation was conducted.



HISTORY OF DEVELOPMENT PROPOSALS AND ACTIVITIES

"C" Street Hotel - The first proposal selected through the Request for Proposal (RFP) process for this Property was the "C" Street Hotel. The Developers and the Former RDA actively pursued the completion of this project from 1997 to 2001. In 2001, the project,

as designed, was deemed infeasible due to conflicts with the Coastal Commission requirements. The ERTN Agreement was terminated.

Seaport Village - The Former RDA issued an RFP in 2001 and selected ReProp Investments to develop Seaport Village. The development as planned was to be a mixed use development with residential, visitor serving, and office uses.



In June 2005, the Humboldt Taxpayers League filed a lawsuit against the Former RDA and the project. ReProp Investments requested to terminate the ERTN, although the Former RDA prevailed in the lawsuit.

Since that time, the Property has remained vacant. The Former RDA had intended to issue a new RFP but due to the downturn in the economy and the uncertainty of Redevelopment, the release

has been delayed. This Property is located adjacent to "C" Street Market Square and is key to the success of the Eureka's Waterfront Revitalization efforts.

POTENTIAL FOR TRANSIT ORIENTED DEVELOPMENT & MEETING THE PLANNING OBJECTIVES OF THE SUCCESSOR AGENCY

Transit Oriented Development - Eureka is a remote and rural location with limited transit options. The City contracts transportation services with the Humboldt Transit Authority for the Eureka Transit bus service. The cost to the City for transit service range from 70 to 83% for each ride provided, making the provision of additional transit infeasible.

Meeting Planning Objectives of the Successor Agency - The site has been historically identified as key to the success of Eureka's revitalization efforts due to its key location adjacent to several of the Former RDA's completed projects. Development of the Property will further the goals of the Redevelopment Plan and the City's General Plan/Local Coastal Program, as evidenced in the Core Area Development Plan, which states the following objectives:

1. *Build Eureka's Core Area into a substantial visitor attraction, to generate and maintain a healthy tourist industry.*
2. *Create a better downtown environment for the enjoyment, convenience and benefit of the people in Eureka and surrounding area.*
3. *Bolster Eureka's position as the commercial hub of its market area.*
5. *Establish Eureka as the cultural and social center of the north coast.*

These original goals and objectives continue today as evidenced in the following relevant sections from the 5-Year Implementation Plan adopted on December 21, 2010:

Goal: *To revitalize Eureka's core area by enhancing the waterfront for both industrial and recreational purposes, facilitating the development and redevelopment of the industrial areas, preserving and strengthening the residential area and commercial areas, and improving public space and facilities.*

Objective: *To revitalize the Eureka waterfront and eliminate blighting influences.*

Policies Supporting Objective:

- *The Agency shall encourage the maintenance of the historic maritime industrial and commercial character of areas of the waterfront while working with owners to rehabilitate existing structures and construct new ones.*
- *The Agency shall work to support the economic viability of working maritime waterfront uses.*
- *The Agency shall encourage the expansion of waterfront recreation and maritime activities which also serve as tourist attractions.*
- *The Agency shall pursue opportunities to improve the bay, including activities such as dredging and enhancing dock space.*

- *The Agency shall facilitate the improvement of public access to and along the shoreline, including pedestrian and vehicular access to the area along Waterfront Drive.*
- *The Agency shall work to maintain the scenic and visual amenities offered by the waterfront.*
- *The Agency shall facilitate the development and redevelopment of key parcels, considering factors such as project use and aesthetics.*
- *The Agency shall make efforts to attract businesses to the area and support events and festivals which attract resident and tourist visitors.*

Activities/Programs Implementing Goals and Objectives

- *Waterfront Revitalization Activities. The Agency will provide assistance and sponsor activities which will improve, rehabilitate, develop, and redevelop the waterfront. These activities include assistance for rehabilitation of existing waterfront properties, the construction and reconstruction of streets to improve pedestrian and vehicular access, the provision of public improvements to stimulate private investment, assist in the acquisition and assemblage of properties, the disposition of public properties consistent with the goals and objectives of the Redevelopment Plan, the provision of new, or improvement of existing, community facilities, and improvements to the bay that will enhance the use of the waterfront.*

ESTIMATE OF ANY LEASE, RENTAL OR ANY OTHER REVENUES

No lease, rental or other revenues are received from this Property. Costs of maintaining and repairing the Property are borne by the City of Eureka.

USE/DISPOSITION OF PROPERTY

For the reasons and purposes described below, this LRPMP directs as the ultimate long-term disposition and use of the NE Corner of 1st and C Streets, "the use or liquidation of the Property for a project identified in an approved redevelopment plan," so that, upon approval of the LRPMP, "the Property shall transfer to the City" (quoted sections per Health and Safety Code Section 34191.5(c)(2)(A)). The Successor Agency is proposing to transfer the Property to the City for future development consistent with the Redevelopment Plan. The City will dispose of the Property in accordance with the Principles and Guidelines for Development of Properties transferred to the City, attached as Appendix A to this LRPMP. Prior to disposition of the Property, the City will enter into a compensation agreement with the taxing entities.

The goals and objectives from the Redevelopment Plan and the Implementation Plan set forth above are relevant to the disposition of the Property. The use of the Property as slated in the Implementation Plan is for a visitor serving use that promotes access to the waterfront and increases tourism in the area, while enhancing the already completed Former RDA Projects in the vicinity, including the Waterfront Plaza and Boardwalk, the C Street Plaza, and the Fisherman's Terminal. The Former RDA proposed a mixed use development that included office, retail and vacation rentals. Such a use would further the goals and objectives of the Redevelopment Plan by increasing public access to the waterfront and attracting business and visitors to the areas. In order

to ensure that the Property develops in a manner that is consistent with the goals and objectives of the City and the Successor Agency, it is important that the City retain authority over the disposition of the Property. Upon development of the Property in a manner consistent with the Redevelopment Plan and the Implementation Plan, the Property is expected to generate significant property tax revenue for the benefit of the taxing entities. The actual amount of property tax revenue will be determined by the development that ultimately occurs. Upon transfer of the Property to the City, the City will cause the Property to be developed in accordance with the principles and guidelines set forth in Appendix A.

PROPERTY #3 - BETWEEN 7th & 8th STS. ON MYRTLE AVE.

Property removed from the Long Range Property Management Plan at the request of the State Department of Finance. Property is considered a housing asset and will be transferred in a separate Oversight Board action to the Housing Successor Agency.

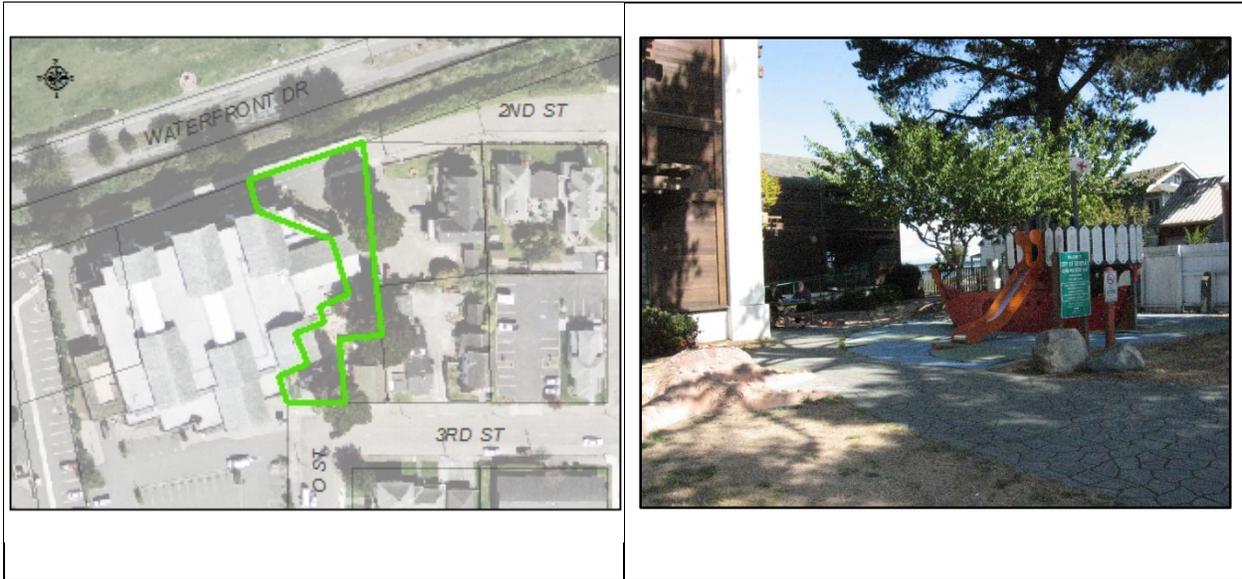
PROPERTY #4 - 1808 6th STREET

Property removed from the Long Range Property Management Plan at the request of the State Department of Finance. Property is considered a housing asset and will be transferred in a separate Oversight Board action to the Housing Successor Agency.

PROPERTY #5 - CARGO STORAGE FACILITY

Property removed from the Long Range Property Management Plan at the request of the State Department of Finance.

PROPERTY #6 - CLARA MAE BERRY COMMUNITY PARK



PARCEL INFORMATION

Map Reference	6
Address	1401 3 rd Street
Assessor's Parcel No.	001-212-012
Current Zoning	OR (Office Residential) (Coastal)
Lot Size	0.32 acres or 13,831 sq. ft.
Former RDA Asset Value	No Agency Asset Listing, but value placed at \$100,000 on the City's Asset Listing
Current Use	Clara Mae Berry Community Park

PROPERTY ACQUISITION DATE AND PURPOSE

In support of the goals and objectives of the Redevelopment Project Area, the Former RDA acquired the Property in 1978. The Property was later developed in to a small pocket park to enhance the adjacent Library. The park features a nautical theme playground, grass and a picnic area. The playground features a large "ship" surrounded by a blue rubber mat of "ocean". A sand-filled play area has a giant starfish and sea urchins for children to enjoy.

The park is a public amenity complimentary to the Library and draws visitors to the Old Town area of Eureka. The park is maintained by the City and is free of charge.

KNOWN GROUND ISSUES

There are no known ground issues.

ENVIRONMENTAL CONTAMINATION HISTORY

There is no known environmental contamination documentation available.

HISTORY OF DEVELOPMENT PROPOSALS AND ACTIVITIES

Clara Mae Berry - In 1950, Clara Mae Berry donated funds to develop a neighborhood park in the Core Area. The park was to include open space and some play apparatus. These funds were used to develop the present day park.

Humboldt County Library - In November 1995, the new Humboldt County Library opened overlooking Eureka's waterfront. The project was completed through a partnership with the Former RDA and the County of Humboldt. Prior to the new facility, the County Library was housed in the basement of the County Courthouse, had limited space and was an inefficient public library. The Former RDA transferred the Property to the County for a new library through a land swap.

The Clara Mae Berry Community Park is a public amenity complimentary to the Library and draws visitors to the Old Town area of Eureka. The park is maintained by the City and is free of charge.

POTENTIAL FOR TRANSIT ORIENTED DEVELOPMENT & MEETING THE PLANNING OBJECTIVES OF THE SUCCESSOR AGENCY

Transit Oriented Development - The Property is fully developed as a playground and picnic area and therefore is not available for transit oriented development.

Meeting Planning Objectives of the Successor Agency - The Property meets several of the objectives of the Core Area Development Plan, adopted by the Agency and City Council, including *the following objectives:*

1. *Build Eureka's Core Area into a substantial visitor attraction, to generate and maintain a healthy tourist industry.*
2. *Create a better downtown environment for the enjoyment, convenience and benefit of the people in Eureka and surrounding area.*
3. *Bolster Eureka's position as the commercial hub of its market area.*
4. *Establish Eureka as the cultural and social center of the north coast.*

These original goals and objectives continue today as evidenced in the following relevant sections from the 5-Year Implementation Plan adopted on December 21, 2010:

Goal: *To revitalize that portion of Eureka's core area containing the Old Town District.*

Objective: *To facilitate coherent and aesthetic development among the project areas and encourage arts-related development and activities to create an appealing destination for local residents and tourists.*

Policies Supporting Objective:

- *The Agency shall work to improve the physical environment or shoppers and tourists within the Core Area.*
- *The Agency shall work to enhance pedestrian movement between the central waterfront and the adjacent historic district and central commercial area.*
- *The Agency shall make efforts to attract businesses to the area and support events, festivals and organizations which attract resident and tourist visitors.*

Activities/Programs Implementing Goals and Objectives

- *Agency Assistance in the Provision of Public Improvements & Infrastructure. The Agency will assist in the provision of public improvements and infrastructure (e.g., improvement or installation of water and sewer facilities, public spaces, streetscape amenities, etc.) which will assist in attracting development and enhancing the pedestrian environment thereby enhancing existing commercial operations.*

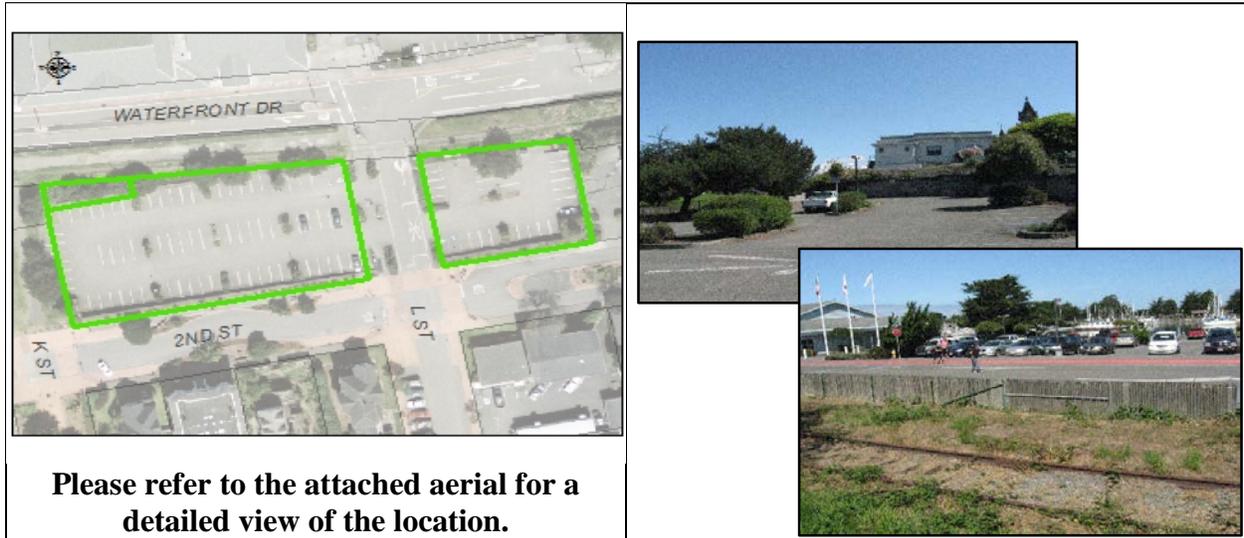
ESTIMATE OF ANY LEASE, RENTAL OR ANY OTHER REVENUES

No lease, rental or other revenues are received from this Property. Costs of maintaining and repairing the Property are borne by the City of Eureka.

USE/DISPOSITION OF PROPERTY

The Successor Agency is recommending transfer of the Property to the City as a governmental use property for retention as a public park with a playground and picnic area. Pursuant to Health and Safety Code Section 34181(a), the Oversight Board may direct the transfer of Property that was constructed and used for a governmental purpose to the appropriate public jurisdiction. Examples of governmental purposes include parks. The City, as the entity that maintains and repairs the park, is the appropriate public agency to receive the Property.

PROPERTY #7 - ADORNI RECREATION CENTER PUBLIC PARKING LOTS



PARCEL INFORMATION

Map Reference	7
Address	East Foot of L Street East Foot of K Street North of 2 nd St between K & L Streets
Assessor's Parcel No.	001-161-008, 001-161-009, 001-214-002
Current Zoning	OR (Office Residential) (Coastal)
Lot Size	0.03 acres or 1,386 sq. ft. (AP# 001-161-008) 0.64 acres or 27,703 sq. ft. (AP# 001-161-009) <u>0.27 acres or 11,925 sq. ft. (AP# 001-214-002)</u> .94 acres or 41,014 sq. ft. Total
Former RDA	\$116,000
Current Use	Adorni Recreation Center Public Parking Lots

PROPERTY ACQUISITION DATE AND PURPOSE

The Property was acquired by the Former RDA in 1988. The Property was purchased to provide the parking necessary for the Adorni Recreation Center which is a public facility, and was included as part of the overall project approvals. The parking lots not only support the Adorni Recreation Center specifically, but also support public coastal access. The Adorni Estate was required to approve the Recreation Center and in so approving, also approved the parking lots as a part of the Recreation Center facility. Any change of use may require approval from the Adorni Estate. The public parking is maintained by the City and is free of charge.

KNOWN GROUND ISSUES

There are no known ground issues.

ENVIRONMENTAL CONTAMINATION HISTORY

There is no known environmental contamination documentation available.

HISTORY OF DEVELOPMENT PROPOSALS AND ACTIVITIES

Adorni Recreation Center - In 1991, the construction of the Adorni Recreation Center was completed. The multi-use public recreation center is located on Eureka's waterfront. The Recreation Center offers a gymnasium for both adult and youth activities such as basketball and volleyball. The gymnasium, which adjoins a commercial kitchen, converts to a room that can accommodate banquets, wedding receptions, concerts, dances and other special events. The Recreation Center also has a weight room, exercise room and conference room.



In addition, the City of Eureka's Recreation Division, in partnership with First 5 Humboldt offers the F.U.N. (Family, Unity & Nurturing) Play Center. The F.U.N. Play Center is a valued community resource for families with children ages 0-5. The goal of the play center is to offer a safe place for caregivers to meet while offering children their first play experience. Children choose play options including arts and crafts, dramatic play, children's library as well as activities that help develop gross and fine motor skills. The program also offers socialization and enrichment opportunities for caregivers and children with an emphasis on nutrition and active living. The play center is staffed by qualified representatives from the City of Eureka's Recreation Division, who will provide supervision and facilitate organized activities for the children. The Food Bank's Food For People Program provides snacks each session.

Harry Adorni - The Adorni Memorial Recreation Center was made possible by a generous bequest from the late Harry J. Adorni to the City of Eureka. Developed and operated by the City, this multi-use public recreation center commemorates Harry Adorni's deep affection for his beloved "North of Fourth" neighborhood. Harry Adorni, lifelong resident of this small Northern California seaport, often told his friends: "When I check out, I want to leave a smile on everyone's face."

He left his hometown Eureka \$3.3 million to be used to develop park and recreation facilities. Suggestions on how to spend the bequest included new parks, piers, a gazebo and fountain, a fish hatchery, an aquatic park, a children's museum, swimming pool, ice-skating rink, convention center, art museum, waterfront walkway, logging museum, sports car drag strip and much more. Fans of the local minor league baseball team, the Crabs, advocated the money be spent "to hire some first-rate players for a change." Ultimately the funds were used to develop the Adorni Recreation Center, a community treasure.

The Property provides the parking necessary for the Adorni Recreation Center, and was included as part of the overall project approvals to meet codified parking requirements. The Adorni Estate was required to approve the Recreation Center and in so approving, also approved the parking lots as a part of the Recreation Center facility. Any change of use for this parking lot may require approval from the Adorni Estate. In addition, any such change would require an amendment of the coastal development permit and a parking variance. Should these parking lots be eliminated, the use of the facility could be significantly limited, and some uses such as banquets, recreation programs and civic events would have to be curtailed. The public parking is maintained by the City. The parking is free of charge.

POTENTIAL FOR TRANSIT ORIENTED DEVELOPMENT & MEETING THE PLANNING OBJECTIVES OF THE SUCCESSOR AGENCY

Transit Oriented Development - Eureka is a remote and rural location with limited transit options. The City contracts transportation services with the Humboldt Transit Authority for the Eureka Transit bus service. The cost to the City for transit service range from 70% to 83% for each ride provided, making the provision of additional transit infeasible. Because of the lack of and high cost of transit in the area, the automobile is the most popular mode of transportation necessitating the need for parking lots to serve public venues.

Meeting Planning Objectives of the Successor Agency - The site meets several of the objectives of the Core Area Development Plan, as follows:

1. *Build Eureka's Core Area into a substantial visitor attraction, to generate and maintain a healthy tourist industry.*
2. *Create a better downtown environment for the enjoyment, convenience and benefit of the people in Eureka and surrounding area.*
3. *Bolster Eureka's position as the commercial hub of its market area.*
4. *Establish Eureka as the cultural and social center of the north coast.*

These original goals and objectives continue today as evidenced in the following relevant sections from the 5-Year Implementation Plan adopted on December 21, 2010:

Goal: *To revitalize Eureka's core area by enhancing the waterfront for both industrial and recreational purposes, facilitating the development and redevelopment of the industrial areas, preserving and strengthening the residential area and commercial areas, and improving public space and facilities.*

Objective: *To revitalize the Eureka waterfront and eliminate blighting influences.*

Policies Supporting Objective:

- *The Agency shall encourage the maintenance of the historic maritime industrial and commercial character of areas of the waterfront while working with owners to rehabilitate existing structures and construct new ones.*

- *The Agency shall work to support the economic viability of working maritime waterfront uses.*
- *The Agency shall encourage the expansion of waterfront recreation and maritime activities which also serve as tourist attractions.*
- *The Agency shall pursue opportunities to improve the bay, including activities such as dredging and enhancing dock space.*
- *The Agency shall facilitate the improvement of public access to and along the shoreline, including pedestrian and vehicular access to the area along Waterfront Drive.*
- *The Agency shall work to maintain the scenic and visual amenities offered by the waterfront.*
- *The Agency shall facilitate the development and redevelopment of key parcels, considering factors such as project use and aesthetics.*
- *The Agency shall make efforts to attract businesses to the area and support events and festivals which attract resident and tourist visitors.*

Activities/Programs Implementing Goals and Objectives

- *Waterfront Revitalization Activities. The Agency will provide assistance and sponsor activities which will improve, rehabilitate, develop, and redevelop the waterfront. These activities include assistance for rehabilitation of existing waterfront properties, the construction and reconstruction of streets to improve pedestrian and vehicular access, the provision of public improvements to stimulate private investment, assist in the acquisition and assemblage of properties, the disposition of public properties consistent with the goals and objectives of the Redevelopment Plan, the provision of new, or improvement of existing, community facilities, and improvements to the bay that will enhance the use of the waterfront.*

ESTIMATE OF ANY LEASE, RENTAL OR ANY OTHER REVENUES

No lease, rental or other revenues are received from this Property. Costs of maintaining and repairing the Property are borne by the City of Eureka.

USE/DISPOSITION OF PROPERTY

The Successor Agency is recommending transfer of the Property to the City as a governmental use property for retention as public parking lots serving the Adorni Recreation Center, Halvorsen Park, Humboldt Bay Trail and supporting general coastal public access. Pursuant to Health and Safety Code Section 34181(a), the Oversight Board may direct the transfer of Property that was constructed and used for a governmental purpose to the appropriate public jurisdiction. The Property is an essential part of the Adorni Recreation Center currently owned by the City, as it provides the parking necessary for members of the public to use and enjoy the Recreation Center. The Property cannot be used for any other purpose since to do so would eliminate the parking required to serve the Adorni Recreation Center. Any change of use would require a coastal development amendment and a parking variance for the Adorni Center and could also require the approval of the Adorni Estate. The City, as the entity that maintains and repairs the parking and

owns the adjacent Adorni Recreation Center, is the appropriate public agency to receive the Property.

**PROPERTY #7 - ADORNI RECREATION CENTER PUBLIC
PARKING LOTS**

ADDITIONAL INFORMATION

DETAILED AERIAL VIEW

DETAILED AERIAL VIEW



PROPERTY #8 - ROMANO GABRIEL SCULPTURE GARDEN



PARCEL INFORMATION

Map Reference	8
Address	315 W 2 nd Street
Assessor's Parcel No.	001-052-011
Current Zoning	CW (Waterfront Commercial) (Coastal)
Lot Size	0.04 acres or 1,741 sq. ft.
Former RDA Asset Value	\$1,830
Current Use	Romano Gabriel Sculpture Garden

PROPERTY ACQUISITION DATE AND PURPOSE

The Property was acquired in 1976 to construct a permanent home for the Romano Gabriel Sculpture Garden in Eureka's Historic Old Town.

KNOWN GROUND ISSUES

There are no known ground issues.

ENVIRONMENTAL CONTAMINATION HISTORY

There is no known environmental contamination documentation available.

HISTORY OF DEVELOPMENT PROPOSALS AND ACTIVITIES

The Humboldt Arts Council provides the following history on Romano Gabriel and the Sculpture Garden: *It is said that Italian immigrant and folk artist Romano Gabriel once expressed Eureka, California was "a bad place for flowers". As a carpenter and gardener with strong connections to his homeland, culture and various social and political issues, Gabriel viewed the front lawn of his home on Pine Street in Eureka with a distinct and unique vision. He saw this traditionally*

designated space for pleasantries such as flowers as an environment not only serving as a greeting area for the eyes of passersby of his home, but also as a space to display art objects exposing the inner workings of his imaginative and personal world which he did not care to share with most individuals by conventional means. Gabriel found that forgoing a typical social life and living a largely introverted lifestyle as beneficial to his craft, providing him with solitude and concentration for his art making. The resulting three decades of devotion to his creative vision is a fantastical collection of hundreds of wooden human and animal figures within a highly complex and ornate sculptural environment, now known as the Sculpture Garden of Romano Gabriel.



Gabriel's beginnings in the United States date back to 1913 at the age of 26, when the artist left his homeland of Mura, Italy and headed to America in search of a new life and opportunities. After serving in World War II, Gabriel settled in Eureka, California on Pine Street in a home which he had built himself. He lived what neighbors and community members characterized as a largely introverted life, working as a carpenter and gardener, but keeping mostly to himself. At the age of 50, Gabriel felt compelled to create sculptural forms out of wooden vegetable crates to fill the void not only on his lawn, but also in himself, resulting from his increasing dissatisfaction in living what most would call an "ordinary" or "normal" life as prescribed by American social scripts and ideals.

Gabriel harnessed his knowledge of hand tools from furniture and house construction with his creative energy in filling his thirty feet by sixty feet front lawn with his creation of a multitude of brightly painted sculptural figures and forms out of wooden crate materials, some purely decorative, others as commentary on social or political issues.

Many of the original pieces in the Sculpture Garden were cut with a hand saw. Later the artist used a small electric saw as he worked in the small shed in his yard, peeking out secretly to observe the people who stopped to see his work. Romano Gabriel's models emerged from memories of his travels and his homeland, as well as from his favorite magazines. And, he apparently saw his wooden garden as a propaganda instrument rather than purely as an object of artistic expression.

As the years passed, Gabriel's garden grew until it almost completely obscured his house, and became a tourist attraction gaining national and international attention. Photographs of the sculptures have been exhibited at Harvard and M.I.T, as well as in the magazines Architecture Plus and Art News among others, and in the book All Their Own. Pieces have toured Europe and have been exhibited at the San Francisco Museum of Modern Art.

In order to preserve this unique collection for future generations, the Former RDA, and the City of Eureka with the assistance of a grant from the Humboldt Area Foundation, as well as generous individual donations, built a permanent home for the collection in Eureka's Historic Old Town.

The Successor Agency Property provides a public amenity and draws visitors to the Old Town area of Eureka. The exhibit is maintained by the Humboldt Arts Council.

POTENTIAL FOR TRANSIT ORIENTED DEVELOPMENT & MEETING THE PLANNING OBJECTIVES OF THE SUCCESSOR AGENCY

Transit Oriented Development - The Property is fully developed as a public art exhibit and is not available for transit oriented development.

Meeting Planning Objectives of the Successor Agency - The site meets several of the objectives of the Core Area Development Plan, including the following:

1. *Build Eureka's Core Area into a substantial visitor attraction, to generate and maintain a healthy tourist industry.*
2. *Create a better downtown environment for the enjoyment, convenience and benefit of the people in Eureka and surrounding area.*
3. *Bolster Eureka's position as the commercial hub of its market area.*
4. *Establish Eureka as the cultural and social center of the north coast.*

These original goals and objectives continue today as evidenced in the following relevant sections from the 5-Year Implementation Plan adopted on December 21, 2010:

Goal: *To revitalize that portion of Eureka's core area containing the Old Town District.*

Objective: *To facilitate coherent and aesthetic development among the project areas and encourage arts-related development and activities to create an appealing destination for local residents and tourists.*

Policies Supporting Objective:

- *The Agency shall work to improve the physical environment or shoppers and tourists within the Core Area.*
- *The Agency shall work to enhance pedestrian movement between the central waterfront and the adjacent historic district and central commercial area.*
- *The Agency shall make efforts to attract businesses to the area and support events, festivals and organizations which attract resident and tourist visitors.*

Activities/Programs Implementing Goals and Objectives

- *Agency Assistance in the Provision of Public Improvements & Infrastructure. The Agency will assist in the provision of public improvements and infrastructure (e.g., improvement or installation of water and sewer facilities, public spaces, streetscape amenities, etc.) which will assist in attracting development and enhancing the pedestrian environment thereby enhancing existing commercial operations.*

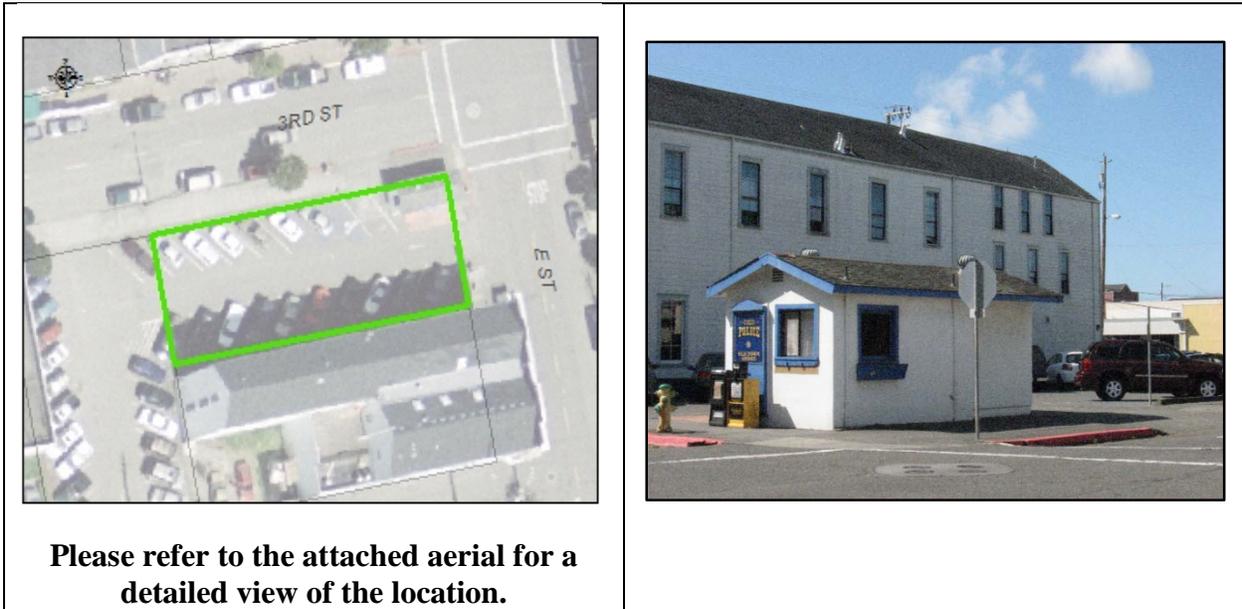
ESTIMATE OF ANY LEASE, RENTAL OR ANY OTHER REVENUES

The Successor Agency leases the Property to the Humboldt Arts Council, which maintains the exhibit, for \$1.00/year. The lease is up for renewal on July 31, 2036.

USE/DISPOSITION OF PROPERTY

The Successor Agency is recommending transfer of the Property to the City as a governmental use Property for retention as a public art exhibit. Pursuant to Health and Safety Code Section 34181(a), the Oversight Board may direct the transfer of Property that was constructed and used for a governmental purpose to the appropriate public jurisdiction. The Property serves as a public plaza and art exhibit open to the public located in the historic Old Town area. The Property's use is limited by the terms of a lease with the Humboldt Arts Council that provides nominal rent. The City is the appropriate public agency to receive the Property.

PROPERTY #9 - OLD TOWN POLICE ANNEX & PARKING LOT



PARCEL INFORMATION

Map Reference	9
Address	302 E Street,
Assessor's Parcel No.	001-096-003
Current Zoning	(Central Commercial) (Inland)
Lot Size	0.135 acres or 5,900 square feet
Former RDA Asset Value	\$80,000
Current Use	Old Town Police Annex and Public Parking Lot

PROPERTY ACQUISITION DATE AND PURPOSE

The Property was purchased in 1996 with parking assessment fees to provide parking for visitors to the Clarke Museum, as well as to provide parking for visitors accessing the coast. The parking lot also supports the police annex. Both the Police Annex and the public parking are maintained by the City. The parking is free of charge.

KNOWN GROUND ISSUES

There are no known ground issues.

ENVIRONMENTAL CONTAMINATION HISTORY

There are no known environmental contamination documentation available.

HISTORY OF DEVELOPMENT PROPOSALS AND ACTIVITIES

On December 20, 1996, the Former RDA purchased the Property which included a small building that housed "Clyde's Café," situated in the northeast corner of the site, and 18 paved parking spaces. This wood frame building is approximately 10 by 24 feet in size with a stucco exterior on a combination of post and pier/concrete slab foundation.

After the close of escrow, the Café's tenant moved out, and the building was unoccupied. An inspection of the building was completed and it was determined the improvements needed to ready the space for a new café were significant and not cost effective.

The empty building offered an opportunity for the Eureka Police Department to establish a more visual presence in Old Town. Shortly after the Former RDA acquired the Property, the Police Annex opened.

A police officer is assigned to Old Town, and uses the Police Annex as his main office during the course of his duties. The officer patrols the area on foot, bicycle, and in a patrol unit depending on mission demands. This position, which is highly sought after among members of the department, is very proactive. Old Town hosts most of Eureka's cultural and public events, and comprises mostly retail stores, which makes for a fair amount of foot traffic. The primary function of the Old Town officer is to develop a rapport with the business owners and to handle the majority of calls for service in this area. The officer assigned to this detail is usually credited with a high number of arrests.

The parking on the Property is used by visitors to the Clarke Museum, as well as by visitors accessing the waterfront and Old Town. Both the Police Annex and the public parking are maintained by the City. The parking is free of charge.

POTENTIAL FOR TRANSIT ORIENTED DEVELOPMENT & MEETING THE PLANNING OBJECTIVES OF THE SUCCESSOR AGENCY

Transit Oriented Development - The Property is fully developed with the Old Town Police Annex and public parking and is not available for transit oriented development.

Meeting Planning Objectives of the Successor Agency - The site meets several of the objectives in the Core Area Development Plan, including the following:

1. *Build Eureka's Core Area into a substantial visitor attraction, to generate and maintain a healthy tourist industry.*
2. *Create a better downtown environment for the enjoyment, convenience and benefit of the people in Eureka and surrounding area.*
3. *Bolster Eureka's position as the commercial hub of its market area.*
4. *Establish Eureka as the cultural and social center of the north coast.*

These original goals and objectives continue today as evidenced in the following relevant sections from the 5-Year Implementation Plan adopted on December 21, 2010:

Goal: *To revitalize that portion of Eureka's core area containing the Old Town District.*

Objective: *To facilitate coherent and aesthetic development among the project areas and encourage arts-related development and activities to create an appealing destination for local residents and tourists.*

Policies Supporting Objective:

- *The Agency shall work to improve the physical environment or shoppers and tourists within the Core Area.*
- *The Agency shall work to enhance pedestrian movement between the central waterfront and the adjacent historic district and central commercial area.*
- *The Agency shall make efforts to attract businesses to the area and support events, festivals and organizations which attract resident and tourist visitors.*

Activities/Programs Implementing Goals and Objectives

- *Agency Assistance in the Provision of Public Improvements & Infrastructure. The Agency will assist in the provision of public improvements and infrastructure (e.g., improvement or installation of water and sewer facilities, public spaces, streetscape amenities, etc.) which will assist in attracting development and enhancing the pedestrian environment thereby enhancing existing commercial operations.*

ESTIMATE OF ANY LEASE, RENTAL OR ANY OTHER REVENUES

No lease, rental or other revenues are received from this Property. Costs of maintaining and repairing the Property is borne by the City of Eureka.

USE/DISPOSITION OF PROPERTY

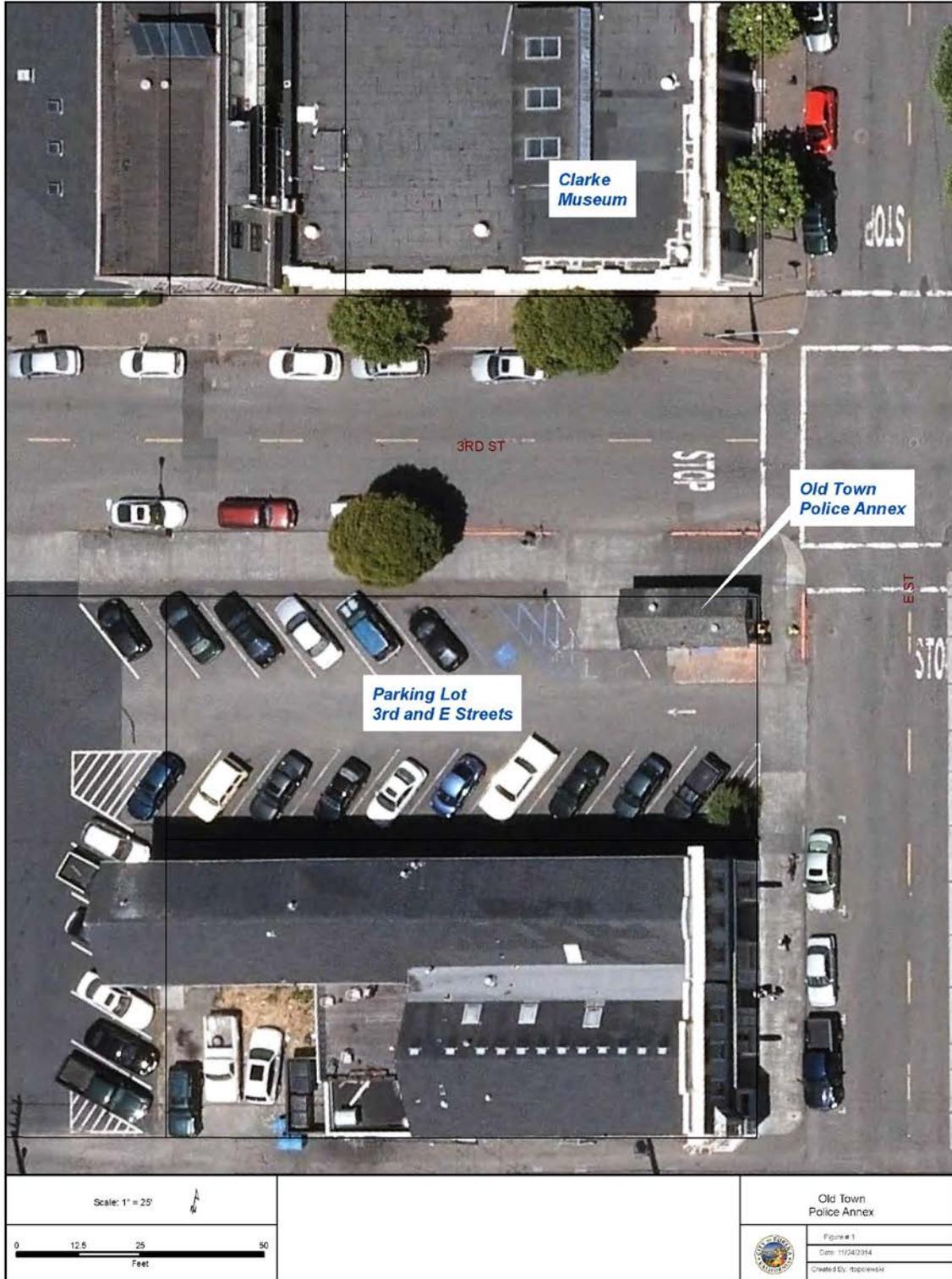
The Successor Agency is recommending transfer of the Property to the City as a governmental use for retention as an Old Town Police Annex and public parking lot. Pursuant to Health and Safety Code Section 34181(a), the Oversight Board may direct the transfer of Property that was constructed and used for a governmental purpose to the appropriate public jurisdiction. The Property is the site for the Old Town Police Annex which provides a valuable public service to the Old Town area. Health and Safety Code Section 34181(a) includes police stations as types of properties that qualify as governmental use properties. The Old Town Police Annex has served an essential function in the revitalization of the Old Town area by providing a regular police presence that provides greater security for businesses and visitors. The public parking on the site is ancillary to the Clarke Museum and the Police Annex. The Property cannot be used for any other purpose without eliminating the Old Town Police Annex, and without eliminating public parking that supports the Police Annex, the Clarke Museum and public access to the waterfront and Old Town. All costs of maintaining the parking lot are paid by the City. The City is the appropriate public agency to receive the Property.

**PROPERTY #9 - OLD TOWN POLICE ANNEX & PARKING
LOT**

ADDITIONAL INFORMATION

DETAILED AERIAL VIEW

DETAILED AERIAL VIEW



PROPERTY #10 - CLARKE PLAZA

 <p style="text-align: center;">Please refer to the attached aerial for a detailed view of the location.</p>	
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PARCEL INFORMATION

Map Reference	10
Address	NE Corner of 3 rd and E Streets
Assessor's Parcel No.	001-092-010, 001-092-014
Current Zoning	CW (Waterfront Commercial) (Coastal)
Lot Size	0.28 acres or 12,158 sq. ft.
Former RDA Asset Value	\$1,430
Current Use	Clarke Plaza (community park with public parking)

PROPERTY ACQUISITION DATE AND PURPOSE

The Property is comprised of two parcels, which were acquired by the by Former RDA in 1974 to complement the Clarke Museum located directly across E Street. One parcel contains a pedestrian-oriented park, and the other contains public parking serving both the park and the Museum.

The Property and the improvements on the Property were partially funded with Neighborhood Development Program funds from the United States Department of Housing and Urban Development. The CDBG program requires that before the use of the Property can be changed, a public hearing must be held and the new use must meet the CDBG requirements. The CDBG Program requires that any sales proceeds from the Property be treated as program income and used only for CDBG eligible activities. (Refer to attached HUD Information Bulletin, dated February 26, 2015).

The plaza and the public parking are maintained by the City. The parking is free of charge.

KNOWN GROUND ISSUES

There are no known ground issues.

ENVIRONMENTAL CONTAMINATION HISTORY

There is no known environmental contamination documentation available.

HISTORY OF DEVELOPMENT PROPOSALS AND ACTIVITIES

In 1974 the construction of Clarke Plaza was completed to complement the Clarke Museum. The Property consists of two parcels, the park and public parking serving both the park and the Museum.

The Clarke Museum website contains the following information: *The Clarke Historical Museum*



was founded by Cecile Clarke (1885-1979). Miss Clarke was a local history teacher at Eureka High School. It was here at Eureka High that she first started displaying her collection of local Native American basketry. In 1960, when the school ran out of room for her ever increasing collection of local history items, Miss Clarke sold her family sheep ranch and used the money to buy the old Bank of Eureka building and she set up her collection there. People gave her more things for the museum and it continued to grow.

The Clarke Museum proudly displays the rich history of Humboldt County, which includes Native American cultures, gold rush settlements, the lumber history, prosperous ranching, farming and livelihoods wrung from the sea. Walking through period rooms and changing exhibits, visitors can glimpse Victorian elegance, remarkable craftsmanship, and everyday work, home, life and play from Humboldt County's past.

Miss Clarke taught for over 40 years and dedicated her life to the museum. Originally named the Clarke Memorial Museum, it was renamed the Clarke Historical Museum in 2001, and now runs as a privately operated non-profit organization for the use, benefit and awareness of the City of Eureka, surrounding cities and local Native Indian tribes.

The Successor Agency Property provides a public amenity complementary to the Museum which draws visitors to the Old Town area of Eureka. The plaza and the public parking are maintained by the City. The parking is free of charge.

POTENTIAL FOR TRANSIT ORIENTED DEVELOPMENT & MEETING THE PLANNING OBJECTIVES OF THE SUCCESSOR AGENCY

Transit Oriented Development - The Property is fully developed as a pedestrian-oriented park and a small parking lot serving the park and the Clarke Museum, and therefore is not available for transit oriented development.

Meeting Planning Objectives of the Successor Agency - The site meets several of the objectives of the Core Area Development Plan, including the following:

1. *Build Eureka's Core Area into a substantial visitor attraction, to generate and maintain a healthy tourist industry.*
2. *Create a better downtown environment for the enjoyment, convenience and benefit of the people in Eureka and surrounding area.*
3. *Bolster Eureka's position as the commercial hub of its market area.*
4. *Establish Eureka as the cultural and social center of the north coast.*

These original goals and objectives continue today as evidenced in the following relevant sections from the 5-Year Implementation Plan adopted on December 21, 2010:

Goal: *To revitalize that portion of Eureka's core area containing the Old Town District.*

Objective: *To facilitate coherent and aesthetic development among the project areas and encourage arts-related development and activities to create an appealing destination for local residents and tourists.*

Policies Supporting Objective:

- *The Agency shall work to improve the physical environment or shoppers and tourists within the Core Area.*
- *The Agency shall work to enhance pedestrian movement between the central waterfront and the adjacent historic district and central commercial area.*
- *The Agency shall make efforts to attract businesses to the area and support events, festivals and organizations which attract resident and tourist visitors.*

Activities/Programs Implementing Goals and Objectives

- **Agency Assistance in the Provision of Public Improvements & Infrastructure.** *The Agency will assist in the provision of public improvements and infrastructure (e.g., improvement or installation of water and sewer facilities, public spaces, streetscape amenities, etc.) which will assist in attracting development and enhancing the pedestrian environment thereby enhancing existing commercial operations.*

ESTIMATE OF ANY LEASE, RENTAL OR ANY OTHER REVENUES

No lease, rental or other revenues are received from this Property. Costs of maintaining and repairing the Property are borne by the City of Eureka.

USE/DISPOSITION OF PROPERTY

The Successor Agency is recommending transfer of the Property to the City as a governmental use property for retention as a pedestrian park with small public parking lot serving the park and the Clarke museum. Pursuant to Health and Safety Code Section 34181(a), the Oversight Board may direct the transfer of Property that was constructed and used for a governmental purpose to the appropriate public jurisdiction. The Property is fully developed with a park and a parking lot serving the park and a public museum and therefore is unavailable for other uses.

The Property and the improvements on the Property were partially funded with Neighborhood Development Program funds from the United States Department of Housing and Urban Development. These funds restrict the use of any proceeds from the sale of the Property to CDBG eligible uses. The CDBG program requires that before the use of the Property can be changed a public hearing must be held and the new use must meet the CDBG requirements. The CDBG Program requires that any sales proceeds from the Property be treated as program income and used only for CDBG eligible activities. (Refer to attached HUD Information Bulletin, dated February 26, 2015).

The City maintains the Property, and is the appropriate public entity to receive the Property.

PROPERTY #10 - CLARKE PLAZA

ADDITIONAL INFORMATION

DETAILED AERIAL VIEW

HUD INFORMATION BULLETIN, DATED FEBRUARY 26, 2015

DETAILED AERIAL VIEW



HUD INFORMATION BULLETIN, DATED FEBRUARY 26, 2015



U.S. Department of Housing and Urban Development
San Francisco Regional Office, Region IX
One Sansome Street, Suite 1200
San Francisco, CA 94104-4430

HUD

Office of Community Planning and Development
Joint San Francisco & Los Angeles Field Office

Information Bulletin

Issue No. CPD-2015-3
February 26, 2015

MEMORANDUM FOR: All Community Development Block Grant (CDBG) Program Grantees in California

FROM: Maria Cremer
Director, Office of Community Planning and Development,
San Francisco Regional Office
William G. Vasquez 
Director, Office of Community Planning and Development
Los Angeles Office

SUBJECT: CDBG Program Real Property Log

On February 28, 2014, the Inspector General for the U.S. Department of Housing and Urban Development issued an audit that found that HUD needed to improve its oversight of assets transferred by former redevelopment agencies that were funded by the following programs: Community Development Block Grant, Section 108, Economic Development Initiative, and Brownfield Economic Development Initiative Programs. The report cited the concern for ensuring that the affordability covenants are upheld despite the transfer of control resulting from the dissolution of California's redevelopment agencies. The purpose of this Information Bulletin is to remind all CDBG grantees of the associated requirements and ensure the protection of these program assets.

Regulatory Background

In accordance with the CDBG regulations found at 24 CFR 570.501, the use of designated public agencies, subrecipients (e.g., Redevelopment Agencies), or contractors does not relieve CDBG grantees of the responsibility for ensuring program compliance.

The relevant Federal regulations governing the management and disposition of real property are 24 CFR 570.505 and 570.506(d) for grantees and 570.503(b)(7) for subrecipients. Real property means land, including any improvements to and structures located on the land, but excluding any movable machinery or equipment.

1

For any real property acquired or improved in whole or in part with CDBG funds in excess of \$25,000 within the *grantee's* control, the use or planned use of the property (including the beneficiaries of such use) cannot change without first providing affected citizens notice and opportunity to comment, and determining that either:

- a. The contemplated new use meets one of the National Objectives and is not a building for the general conduct of government; or,
- b. The contemplated new use is deemed appropriate (after consultation with affected citizens) but will not meet a National Objective. In this latter case, the grantee must reimburse the CDBG program in the amount of the current fair market value of the property, less the value attributable to the non-CDBG portion of the acquisition or improvements.

In addition, the recordkeeping requirements found at 24 CFR 570.506(d) require that documents be maintained to demonstrate compliance with 24 CFR 570.505 regarding any change of use of real property acquired or improved with CDBG assistance.

For property acquired or improved in whole or in part with CDBG funds in excess of \$25,000 within the *subrecipient's* control, the written agreement requirements stipulate that the property must either:

- a. Be used by the subrecipient to continue to meet one of the CDBG program's National Objectives for at least 5 years after the expiration of the Subrecipient Agreement (or a longer time as specified by the grantee in the Subrecipient Agreement); or,
- b. If a National Objective is not met during this time period, the grantee must be reimbursed for the current fair market value, less any portion of the value attributable to non-CDBG funds. This payment would be considered program income to the grantee. (No payment is required after the period of time specified in paragraph (a) above.)

Please be advised that these regulations also include recipients of funding from the Section 108 Loan Guarantee, Economic Development Initiative (EDI), Brownfields Economic Development Initiative (BEDI), and Neighborhood Stabilization Program (NSP) funding.

Safeguarding CDBG-Funded Assets

According to the audit report, insufficient documentation was maintained to monitor CDBG-funded assets that were part of the State of California's mandated shutdown of grantee's redevelopment agencies. Specifically, adequate records could not be provided to support ownership of the sampled assets. This is problematic because these assets are at risk of being transferred to entities that may not continue to meet CDBG program objectives. It also presents a potentially significant loss of program income, which could have otherwise benefited CDBG programs.

As a result, we will be monitoring CDBG grantees to ensure that they are maintaining a database to track real property acquired and/or improved with CDBG funds in excess of \$25,000. Following is a list of the suggested fields that should be contained in this real property log. The items identified in bold and with an asterisk represent the minimum level of data that must be maintained. A sample log is enclosed (please see Attachment A).

General

1. **Program** – CDBG, Section 108, EDI, BEDI*
2. IDIS Activity Number or Grant Number for 108/EDI/BEDI projects
3. **Address*** – Address of property and legal description (e.g., parcel and lot number)
4. **Acquisition/Improvement Date***
5. **Amount of CDBG/108/EDI/BEDI Assistance***
6. Source and Amount of Non-CDBG Funds
7. Total Acquisition/Improvement Cost – (Sum of Items 6 and 7)
8. **Name of Titleholder***

For Recipient-Owned Properties

9. Disposition Information
 - a. Disposition Date – If not applicable, please state “Active”.
 - b. Program Income Due to Recipient? If “yes”, please enter amount in 9c below. If “no”, no further entries required.
 - c. **Program Income Amount***
 - d. Date Program Income Received
 - e. Program Income Recorded in IDIS/QPR? (yes/no)

For Subrecipient-Owned Properties

10. Reversion of Assets Clause Termination Date – Five years after termination of subrecipient agreement or recipient-determined date, whichever is later
11. Disposition Information
 - a. **Disposition Date (if applicable)*** – If not applicable, please indicate “Active”.
 - b. Program Income Due to Recipient? If “yes”, please enter amount in 12c below. If “no”, no further entries required.
 - c. **Program Income Amount***
 - d. Date Program Income Received
 - e. Program Income Recorded in IDIS/QPR? (yes/no)

Please be advised that a real property log does not replace the need for maintaining comprehensive records in your activity files; rather, it may serve as a management tool for safeguarding CDBG-funded program assets. As HUD programs make a substantial investment in a community’s real and capital projects, CPD strongly recommends all grantees to review applicable programmatic and overlay requirements, agreements, and their inventory of assisted projects to confirm that the above standards are met for continued project success.

If you have any questions, please call or email your assigned CPD Representative.

Attachment

ATTACHMENT A: Sample Real Property Log

Grantee-Owned Properties

Program No.	IDIS Act. No.	Address/Legal Description	Acquisition/ Improvement Date	Amount of CDBG/108/ ED/BEDI Assistance	Source and Amount of Non-CDBG Funds	Total Acquisition/ Improvement Cost	Name of Titleholder	Disposition Information						
								Disposition Date	Program Income (PI) Due? (yes/no)	PI Amount	Date PI Received	PI Recorded in IDIS/QPR? (yes/no)		
1.														
2.														
3.														
4.														
5.														
6.														
7.														
8.														
9.														
10.														

Subrecipient-Owned Properties

Program No.	IDIS Act. No.	Address/Legal Description	Acquisition/ Improvement Date	Amount of CDBG/108/ ED/BEDI Assistance	Source and Amount of Non-CDBG Funds	Total Acquisition/ Improvement Cost	Name of Titleholder	Reversion of Assets Termination Date	Disposition Information					
									Disposition Date	Program Income (PI) Due? (yes/no)	PI Amount	Date PI Received	PI Recorded in IDIS/QPR? (yes/no)	
1.														
2.														
3.														
4.														
5.														
6.														
7.														
8.														
9.														
10.														

PROPERTY #11 - SE CORNER OF 4TH & G STREETS



PARCEL INFORMATION

Map Reference	11
Address	SE Corner of 4 th & G Streets
Assessor's Parcel No.	001-142-007
Current Zoning	CC (Central Commercial) (Inland)
Lot Size	0.4 acres or 17,703 square feet
Former RDA Asset Value	\$185,000
Current Use	Public Parking Lot

PROPERTY ACQUISITION DATE AND PURPOSE

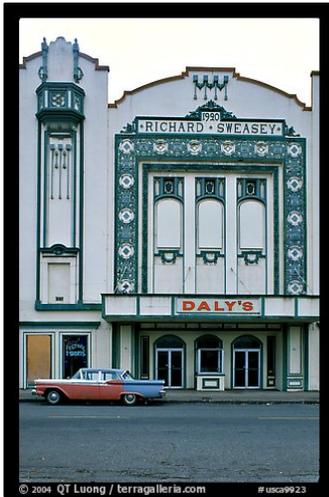
The Property was originally owned by the City and transferred to the Former RDA in 1998. At the time of the transfer, it was intended that the Former RDA would return the Property to the City. This particular lot has provided free parking to support downtown businesses and residents, and in particular the State Theatre and the Daly's Department Store, now the Arkley Performing Arts Center, for over 50 years. The Property is maintained by the City.

CITY RESPONSE TO JUNE 2014 DOF INQUIRY:

The City of Eureka disagrees that Property #11 does not fit in the permissible use of government properties category. The retention of this parking lot is vital to the success of a key community project - the Arkley Performing Arts Center. The Property provides free parking for the Arkley Performing Arts Center as well as downtown businesses. The City has always paid the costs of maintaining the Property at no charge to the users, this practice continues today. Much like a museum, the Performing Arts Center is more than a venue to attend events; it is an educational experience for local residents, visitors, especially young people. The forced sale and potential development of this Property will negatively impact the future of the Center. It could limit the

viability and success of the Center and ultimately affect the educational opportunities to the community by reducing the parking available for events and educational programming. The following narrative provides some history and current benefits of the Arkley Center for the Performing Arts and its relationship to the adjacent parking lot (Property #11).

The historic buildings in the area of the Property were built to the sidewalks, with no onsite area available for parking. In order to maintain the integrity of the Historic District, vacant lots were developed for parking and existing historic buildings have not been torn down to provide onsite parking. This particular lot has been in existence for over 50 years to support downtown businesses and residents, in particular the State Theatre and the Daly's Department Store which is now the Arkley Performing Arts Center. The Property was originally owned by the City and transferred to the Former RDA with the intent that it would be returned to the City.



The building housing the Arkley Performing Arts Center opened on December 16, 1920 as the Sweasey Theatre, and was taken over by Loew's Inc. in 1921 and renamed Loew's State Theatre. In 1929, the interior was destroyed by fire and was renovated. In June 1943, the Theater was again damaged by fire and suffered considerable water damage. After years as a movie palace, the Loew's State Theatre was closed in 1973 and the adjacent Daly's Department Store expanded into the theater.

Daly's closed in 1995 and the building was vacant for over ten years. Humboldt State University, looked into using it for performing arts but finally backed out, possibly because the building required too much renovation. Its decaying state constituted something of an eyesore as well as a health and safety issue. The vacant building became a magnet for transients and a significant fire risk. A fire in the half block structure had the potential to destroy several blocks in Eureka's historic downtown.

In 2003, the Arkley family purchased the historic dilapidated Sweasey building with the intent of restoring the building to its original 1920's grandeur and providing a first class performing arts center. The Arkley's believed the people of Humboldt County and visitors to our community deserved a special place devoted to the enrichment of lives through the quality presentation of arts and cultural activities.

In 2007 the Sweasy Building was re-opened as the Arkley Center for the Performing Arts and far surpassed the vision of the Arkley family and the community. The theatre's location, versatility, size and quality make it the preferred location for everything from school programs, business conferences and workshops to private parties and receptions. In addition, the Arkley Center for the Performing Arts hosts its own calendar of professional entertainment and cultural enrichment programs.



Of particular importance is the collaboration between the Arkley Performing Arts Center and the Eureka Symphony. The Eureka Symphony is committed to sharing the wonders of orchestral music with young people and to supporting youth as they develop their craft. Their programs include:



- Musicians to Schools - Symphony members and others visit local schools.
- An annual Youth Competition - winning performers are showcased at the Symphony's Spring Concert each year at the Arkley Center.
- Schools to Symphony - local students are bussed to the Arkley Center for special, youth tailored Symphony performances during the school day. The 45 minute concerts are designed for grade level 4, 5, and 6 in any type of school. Concerts are held at the Arkley Center for Performing Arts giving students an experience of live music in a concert hall. Participating classrooms receive a curriculum designed for the season's Schools to Symphony concert.
- Discounted admission for high school and college students, and free admission for children under 12 to Eureka Symphony performances at the Arkley Center.

Over 1,500 elementary school students from 26 area schools participated in the Schools to Symphony performances during the 2013-2014 season.

The Center for Performing Arts provides one of the few performing arts venues in the area and is a vital part of the revitalization of Downtown Eureka, drawing people from through-out the region as well as tourists to events. The free parking provided by the Property makes the venue more desirable for cultural events as well as draws people to the downtown area.

The attached detailed aerial shows the location of the subject parking lot directly across the street of the Arkley Performing Arts Center. The Property provides free parking and is maintained by the City.



KNOWN GROUND ISSUES

There are no known ground issues.

ENVIRONMENTAL CONTAMINATION HISTORY

There is no known environmental contamination documentation available.

HISTORY OF DEVELOPMENT PROPOSALS AND ACTIVITIES

The historic buildings in the area of the Property were built to the sidewalks, leaving no room for onsite parking. In order to maintain the integrity of the Historic District, vacant lots were

developed for parking and existing historic buildings have not been torn down to provide onsite parking. This particular lot has been in existence for over 50 years to support downtown businesses and residents, in particular the State Theatre and the Daly's Department Store, now the Arkley Performing Arts Center. The Property was originally owned by the City and transferred to the Former RDA with the intent that it would be returned to the City.

In the 1860s Cornelius and John Daly sailed to America and made their way by wagon train to the new state of California with the dream of opening up their own department store and continuing the family's tradition. Through a lot of hard work and perseverance they made it a reality and became known for superior selections and unparalleled customer service.

In 1895, the Daly brothers opened their first store in California. This became known as Daly Brothers Department Store. The brothers were committed to providing high quality leading edge fashion to their customers. Twice a year they would travel by train to New York and then by passenger ship to Europe searching for exciting new fashions for their clients. Daly's had a deep commitment to customer satisfaction that lasted four generations and more than 100 years.

Opened on December 16, 1920 as the Sweasey Theatre, it was taken over by Loew's Inc. in 1921 and renamed Loew's State Theatre. In 1929, the interior was destroyed by fire and it was renovated. In June 1943, another fire did some damage and also considerable water damage was incurred. . After years as a movie palace, the Loew's State Theatre was closed in 1973 and the adjacent Daly's Department Store expanded into the theater. Daly's closed in 1995 and was abandoned for over ten years. The local university, Humboldt State, looked into using it for performing arts but finally backed out, possibly because the building required too much work. Its decaying state became something of an eyesore.

In 2007 it was re-opened as the Arkley Center for the Performing Arts. The Center for Performing Arts provides one of the few performing arts venues in the area and is an essential part of the revitalization of Downtown Eureka, drawing people from throughout the region as well as tourists to events. The Property provides critical support for the Center for the Performing Arts, by providing free parking thereby making the venue more feasible and desirable for cultural events.

The Property provides free parking and is maintained by the City.

POTENTIAL FOR TRANSIT ORIENTED DEVELOPMENT & MEETING THE PLANNING OBJECTIVES OF THE SUCCESSOR AGENCY

Transit Oriented Development - The Property is fully developed as a public parking lot, and therefore is not available for transit oriented development.

Meeting Planning Objectives of the Successor Agency - The site in its current use meets several of the objectives of the Core Area Development Plan, including the following:

1. *Build Eureka's Core Area into a substantial visitor attraction, to generate and maintain a healthy tourist industry.*

2. *Create a better downtown environment for the enjoyment, convenience and benefit of the people in Eureka and surrounding area.*
3. *Bolster Eureka's position as the commercial hub of its market area.*
4. *Establish Eureka as the cultural and social center of the north coast.*

These original goals and objectives continue today as evidenced in the following relevant sections from the 5-Year Implementation Plan adopted on December 21, 2010:

Goal: *To revitalize that portion of Eureka's core area containing the Old Town District.*

Objective: *To facilitate coherent and aesthetic development among the project areas and encourage arts-related development and activities to create an appealing destination for local residents and tourists.*

Policies Supporting Objective:

- *The Agency shall work to improve the physical environment or shoppers and tourists within the Core Area.*
- *The Agency shall work to enhance pedestrian movement between the central waterfront and the adjacent historic district and central commercial area.*
- *The Agency shall make efforts to attract businesses to the area and support events, festivals and organizations which attract resident and tourist visitors.*

Activities/Programs Implementing Goals and Objectives

- *Agency Assistance in the Provision of Public Improvements & Infrastructure. The Agency will assist in the provision of public improvements and infrastructure (e.g., improvement or installation of water and sewer facilities, public spaces, streetscape amenities, etc.) which will assist in attracting development and enhancing the pedestrian environment thereby enhancing existing commercial operations.*

ESTIMATE OF ANY LEASE, RENTAL OR ANY OTHER REVENUES

No lease, rental or other revenues are received from this Property. Costs of maintaining and repairing the Property are borne by the City of Eureka.

USE/DISPOSITION OF PROPERTY

The Successor Agency is recommending transfer of the Property to the City as a governmental use Property for retention as a public parking lot. Pursuant to Health and Safety Code Section 34181(a), the Oversight Board may direct the transfer of Property that was constructed and used for a governmental purpose to the appropriate public jurisdiction. The Property provides parking primarily for the Performing Arts Center but it also supports area businesses and residents. One of the essential goals of the Redevelopment Plan and the City's General Plan is to preserve the historic character of Eureka and in particular the Downtown and Old Town. However, doing so necessitates the development and retention of public parking lots in order to provide the parking

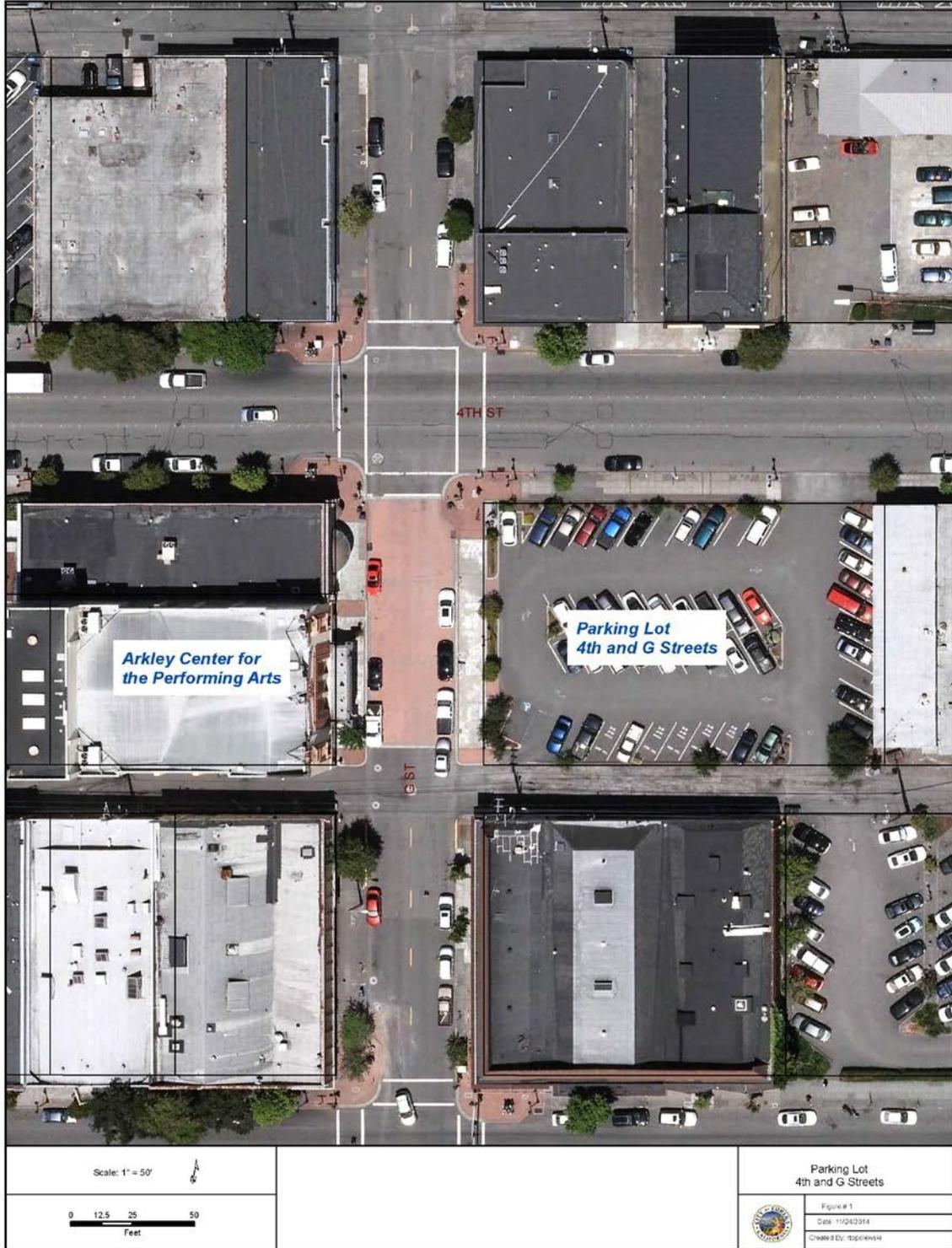
necessary to attract visitor serving uses to the area. The existing buildings in the area of the Property were constructed before America's dependence on the automobile and generally were developed with limited or no adjacent parking and no room for onsite parking. As reliance on the automobile became more prevalent, this development pattern became a hindrance to economic vitality with the lack of parking deterring shoppers and visitors from patronizing the area. As part of the revitalization of the area, the City and the Former RDA developed public parking lots on vacant properties thus allowing businesses to locate in the existing historic buildings without meeting the standard zoning requirements for parking. This strategy has allowed the retention of the historic buildings that give Eureka its character and appeal. The Property not only provides parking for attendees of events at the Center for Performing Arts, but also provides some of the needed parking that allows businesses to operate in the historic buildings located throughout the area. Additionally, removal of the parking could result in loss of patronage to the businesses in the areas, as shoppers and visitors may elect to take their trade to other venues with convenient parking. The parking is free of charge and all costs of maintaining the parking lot have been paid for by the City since the Property was developed for public parking. The City is the appropriate public agency to receive the Property.

PROPERTY #11 - SE CORNER OF 4TH & G STREETS

ADDITIONAL INFORMATION

DETAILED AERIAL VIEW

DETAILED AERIAL VIEW



PROPERTY #12 - SW CORNER OF 1ST & C STREETS



PARCEL INFORMATION

Map Reference	12
Address	SW Corner of 1 st & C Streets
Assessor's Parcel No.	001-013-004
Current Zoning	CW (Waterfront Commercial) (Coastal)
Lot Size	0.47 acres or 20,533 square feet
Former RDA Asset Value	\$103,950
Current Use	Public Parking Lot

PROPERTY ACQUISITION DATE AND PURPOSE

The Property was acquired by the Former RDA in 1979. As the Core Area began to be renovated, restored and revitalized, the Former RDA recognized the importance of public parking as more businesses were attracted to the Old Town/Downtown area. Additionally, providing access to the coastal zone, one block from the Property, is a goal of the Eureka General Plan/Local Coastal Program.

Funding for the acquisition and development of the Property was provided through the Community Development Block Grant Program (CDBG), a program administered through the Federal Housing and Urban Development (HUD). The CDBG program requires that before the use of the property can be changed, a public hearing, must be held and the new use must meet the CDBG requirements. The CDBG Program requires that any sales proceeds from the Property be treated as program income and used only for CDBG eligible activities. (Refer to attached HUD Information Bulletin, dated February 26, 2015).

CITY RESPONSE TO JUNE 2014 DOF INQUIRY:

The City of Eureka disagrees that Property #12 does not fit in the permissible use of government properties category. The retention of this parking lot is vital to the success of several key community uses such as parking for the City owned “C” Street Market Square (Property #17), the floating Madaket Museum (described in more detail on page 64) and parking for events such as the “Crab Crawl”, Summer Concerts, and “Saturday Night Arts Alive” to name a few. The Property also provides coastal access consistent with the City’s Local Coastal Program and the California Coastal Act, as well as with the terms of funding programs used to finance the development of surrounding properties.

The Property is located in the Coastal Zone. Goals and policies in the City of Eureka’s General Plan/Local Coastal Program support and discuss public access in the Coastal Zone. The City is working to develop the area at First and C Street near the shoreline, and the Boardwalk and Waterfront Trail (including future expansions) draw citizens and visitors to the Coastal Zone. Specifically Policy 5.B.9 states, “The City shall ensure that public access support facilities are distributed throughout the Eureka Coastal Zone. Off-street parking shall be provided in the waterfront area; however, it shall not be located immediately adjacent to the shoreline, unless there is no feasible alternative.” The parcel is outside of the City’s parking assessment district, and provides parking for public access to the coast, and to surrounding businesses. This parking lot supports use of the Boardwalk and Waterfront Trail.

The City has invested over \$60 million to implement the “Waterfront Revitalization Plan,” leveraging City and Former RDA funds with state and federal loans and grants to develop the Fisherman’s Dock, the Fisherman’s Terminal and other amenities designed to attract coastal users. Several of the funding sources used to construct the Fisherman’s Dock adjacent to the Fisherman’s Terminal (Property 17), such as Wildlife Conservation Board and the California State Coastal Conservancy, specifically require public access to the funded project. Without the adjacent parking provided by Property 12, public access is negatively impacted.

The Property was purchased for the intention to build a public parking lot to support retail, office and residential uses in Old Town including the Eagle House. The historic buildings in this area were built to the sidewalks and did not have any setbacks that could be used for parking. In order to keep the integrity of the Historic District, buildings have not been torn down to provide on-site parking. In addition, funding for the acquisition and development of the Property was provided through the Community Development Block Grant Program (CDBG), a program administered through the Federal Housing and Urban Development (HUD). The CDBG program requires that before the use of the Property can be changed, a public hearing must be held and the new use must meet the CDBG requirements. The CDBG Program requires that any sales proceeds from the Property be treated as program income and used only for CDBG eligible activities. (Refer to attached HUD Information Bulletin, dated February 26, 2015).

The lot also provides parking for the floating Madaket Museum. The Madaket provides an educational experience for local residents, visitors and especially young people during the narrated 75 minute cruise around Humboldt Bay. The cruise focuses on local maritime and Indian histories,

and wildlife. The sale and potential development of this Property will negatively impact and could limit the viability and success of the “C” Street Market Square and the historic Madaket, limit coastal access, and violate requirements of several state funding agreements including CDBG.

KNOWN GROUND ISSUES

There are no known ground issues.

ENVIRONMENTAL CONTAMINATION HISTORY

There is no known environmental contamination documentation available.

HISTORY OF DEVELOPMENT PROPOSALS AND ACTIVITIES

As the Core Area began to be renovated, restored and revitalized, the Former RDA recognized the importance of public parking as more businesses were attracted to the Old Town/Downtown area. The Former RDA purchased and developed the formerly vacant lot adjacent to the historic Eagle House into a public parking lot with landscaping. The Property supports businesses and residential uses, and provides essential public access to the coast and Eureka's waterfront located a block away, one of the goals of the City's Local Coastal Program.

The Property also provides parking for the newly developed Fisherman's Terminal and "C" Street Market Square projects. Visitors and area residents will be able to eat and purchase fresh seafood from the planned Seafood Café and retail counter in the Fisherman's Terminal, attend events on the Market Square, and purchase tickets to ride on the Historic Madaket ferry vessel. The following narrative provides some history and the current benefits of the parking lot (Property #12)

Eagle House - The following history is taken from the Eagle House website: *The impressive Old Town Eureka landmark that has evolved today into the Eagle House Victorian Inn, began as the dream of Finnish emigrants, Henry and Elvira Tornroth, in 1886 when the couple first built a hotel*



and restaurant on the corner of 2nd and C streets. They named it the Eagle House.

An extensive addition was made to the "modest, two-story structure" in 1888; and, when the "spectacular Grand Hotel" was constructed kitty-corner across from their business, the Tornroths took action.

In 1893, they had the Eagle House divided in half; and moved one section north along C Street, and the other west along 2nd. The

next step was having their contractor, M. McGaraghan, build a new three story edifice on the site,

using "the original portion" of the Eagle House as "wings." It was now a stunning stick-style building, decorated with many of the ornate Victorian embellishments that were so representative of the time; and the rambling interior offered plenty of options to potential tenants.

In 1907 (after Henry's death), the building was sold to a group of business partners, who immediately leased it to Joseph Massei and Domenico Caturegli. They opened what became the most popular social gathering place in Old Town: The Buon Gusto Restaurant and Tavern. ("Buon Gusto," in Italian, means "good food," which is indeed what they became famous for.)

The rest of the venue was used as a boarding house, the Buon Gusto Hotel; and, both the restaurant and the hotel were run by the "unofficial boss" in charge, Joseph's wife, Georgia.

After buying the building in 1921, the venue remained in the hands of the Massei family for the following 50 years. After both his parents had passed away, son Albert took over the business in 1950, running it until he finally decided to close the operation down and resell it in the 1960's.

When the Massei "Buon Gusto" era ended, the building sat empty (in essence, gone, but not forgotten) throughout the majority of the 1970's. However, in the early 1980's, a growing re-interest in revitalizing Old Town led to the purchase of the structure by a set of partners, headed by John Lipscomb. Dreams were rekindled with new visions for the historic site, which involved the reconstruction of two elements that had not been in existence for many years: The old 2nd Street wing addition, and a new roof tower.

In 1984, the building was again officially called the Eagle House; but the old, familiar "Buon Gusto" resurfaced as the name of the new up-front, main floor restaurant. Many thousands of dollars were also spent to redecorate the guest rooms, and to purchase glorious antiques from around the world that were placed throughout the building.

A private penthouse for the owners' personal use was added, giving the structure a 4th floor. The 32,000 square foot site now included 16 little commercial shops that sat on either side of the balcony surrounding the central theater space. The businesses didn't last; but the theater did. (At least for a while longer.) Downstairs, a variety of entertainment took place on stage in front of graduated levels of dark wood where the audience sat at tables (like a night club), enjoying dinner theatre plays or musical performers.

However, by 1989, for numerous reasons, the entire business fabric of the Eagle House had unraveled, and Lipscomb and his partners broke up and called it quits.

As legend has it, Lipscomb went so far as to threaten to "cut the building up and barge it to San Francisco." Luckily, it was sold before that extreme step was taken.

In 1993, Tae "Lee" Cho and his wife, Kwan, bought the historic building and have owned it ever since. Originally from South Korea, the Chos have lived in the United States for over 30 years, most of those years in Eureka. When they acquired what today is known as the Eagle House Victorian Inn, the family made it their personal goal to consistently upgrade and maintain the waterfront landmark. This has included a complete re-flooring of the venerable theater/ballroom space by Eric Hollenbeck of Eureka's world-renowned Blue Ox Millworks; and the painting of the

extensive exterior (and wall-papering, room by room, of the interior) by Victorian remodeling expert, Steve Allen.

That's just part of what continues to be done to keep this Victorian beauty looking her best; it's an on-going labor of love.

For almost 120 years, the Eagle House Victorian Inn has survived the challenges of moving into the 21st Century, without losing the charisma of her historic past or the warmth of her unique charm.

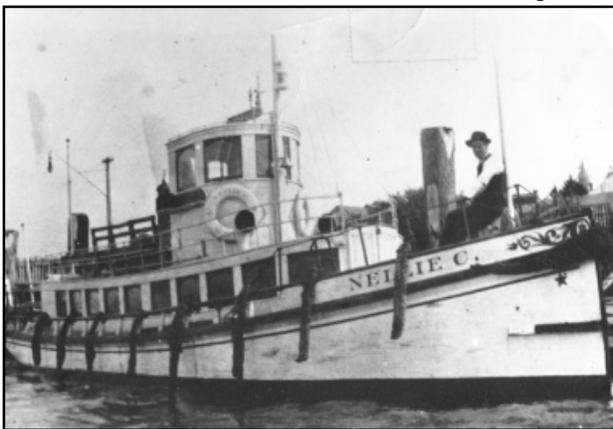
“C” Street Market Square - The Council adopted the "Waterfront Revitalization Plan" that identified the "C" Street Market Square project as a key component to the success of Eureka's waterfront revitalization efforts.

The "C" Street Market Square was completed in 2011 and included construction of a plaza area designed to provide a venue for local events such as such as the “Crab Crawl”, Summer Concerts, waterfront weddings, and “Saturday Night Arts Alive” to name a few. The Square also consists of permanent, semi-permanent, and removable facilities for public gatherings, including a permanent covered stage wired for amplified sound; a ticket booth and/or information kiosk; outdoor dining areas; umbrella stands for market events; and an approximately 60-foot by 120-foot removable tent along with imbedded anchoring stanchions and brackets to allow year round use.



The project was funded through a Tax Allocation Loan Agreement by and between the California Infrastructure and Economic Development Bank (I-Bank) and the Eureka Redevelopment Agency (Effective Date: February 1, 2008).

The Madaket - is the last survivor of seven original ferries that transported mill workers and families around Humboldt Bay. Built in 1909, launched in 1910 and refurbished in 1989, she remains as a reminder of Eureka's bustling waterfront era. The completion of the Samoa Bridge in 1971 put the ferry service out of business.



Owned by the Humboldt Bay Maritime Museum and operated by Humboldt Bay Harbor Cruise, the Madaket ferry is the oldest vessel in continuous service in the United States, boasts the smallest licensed bar in the state and is a California historic vessel. Narrated 75-minute cruises are offered May-October and on select dates during the winter holidays. The boat travels along the Eureka

Waterfront, with narration covering points of interest, discovery of Humboldt Bay, the timber industry, wildlife, shipping, maritime history and activity, Indian history and more.

On an annual basis, the Madaket hosts an average of 37 groups, 56 charters and 22 special event cruises/charters/holiday cruises, representing over 3,855 people. In addition, during the regular May through September cruises, approximately 8,000 people are educated about Humboldt Bay and its unique maritime and Indian histories, and thriving wildlife, which is why the Madaket is referred to as Humboldt Bay's "floating museum."

Property #12 provides the only parking to support Madaket visitors. During regular cruises upwards of 40 cars utilize the Property and during special cruises, charter and school buses park on the limited on street parking.



This Property is integral to the success and support of the City's Waterfront Revitalization efforts. If this Property is sold and developed, access to the waterfront, the Madaket and functions at the "C" Street Market Square will be in jeopardy. In addition, as mentioned above, coastal access was and is a condition of several State funding sources. The CDBG Program requires that any sales proceeds from the Property be treated as program income and used only for CDBG eligible activities. (Refer to attached HUD Information Bulletin, dated February 26, 2015)

The Successor Agency Property provides a public amenity which draws visitors to the Old Town area of Eureka as well as provides coastal access. The public parking lot is maintained by the City. The parking is free of charge.

POTENTIAL FOR TRANSIT ORIENTED DEVELOPMENT & MEETING THE PLANNING OBJECTIVES OF THE SUCCESSOR AGENCY

Transit Oriented Development - The Property is fully developed as a public parking lot, and therefore is not available for transit oriented development.

Meeting Planning Objectives of the Successor Agency - The site meets several of the objectives of the Core Area Development Plan, including the following:

1. *Build Eureka's Core Area into a substantial visitor attraction, to generate and maintain a healthy tourist industry.*
2. *Create a better downtown environment for the enjoyment, convenience and benefit of the people in Eureka and surrounding area.*
3. *Bolster Eureka's position as the commercial hub of its market area.*

4. *Establish Eureka as the cultural and social center of the north coast.*

These original goals and objectives continue today as evidenced in the following relevant sections from the 5-Year Implementation Plan adopted on December 21, 2010:

Goal: *To revitalize that portion of Eureka's core area containing the Old Town District.*

Objective: *To facilitate coherent and aesthetic development among the project areas and encourage arts-related development and activities to create an appealing destination for local residents and tourists.*

Policies Supporting Objective:

- *The Agency shall work to improve the physical environment of shoppers and tourists within the Core Area.*
- *The Agency shall work to enhance pedestrian movement between the central waterfront and the adjacent historic district and central commercial area.*
- *The Agency shall make efforts to attract businesses to the area and support events, festivals and organizations which attract resident and tourist visitors.*

Activities/Programs Implementing Goals and Objectives

- *Agency Assistance in the Provision of Public Improvements & Infrastructure. The Agency will assist in the provision of public improvements and infrastructure (e.g., improvement or installation of water and sewer facilities, public spaces, streetscape amenities, etc.) which will assist in attracting development and enhancing the pedestrian environment thereby enhancing existing commercial operations.*

ESTIMATE OF ANY LEASE, RENTAL OR ANY OTHER REVENUES

No lease, rental or other revenues are received from this Property. Costs of maintaining and repairing the Property are borne by the City of Eureka.

USE/DISPOSITION OF PROPERTY

The Successor Agency is recommending transfer of the Property to the City as a governmental use Property for retention as a public parking lot. Pursuant to Health and Safety Code Section 34181(a), the Oversight Board may direct the transfer of Property that was constructed and used for a governmental purpose to the appropriate public jurisdiction. The Property provides parking for area businesses and tourists, including parking for visitors seeking access to California's coast.

One of the essential goals of the Redevelopment Plan and the City's General Plan is to preserve the historic character of Eureka, and in particular the Old Town Area. However, doing so necessitated the development of public parking lots in order to provide the parking necessary to attract visitor serving uses to the area. The existing buildings in the area were constructed before America's dependence on the automobile and generally were developed with limited or no adjacent parking and with no area to provide onsite parking. As times have progressed and reliance on the

automobile became more prevalent, this development pattern became a hindrance to economic vitality as shoppers and visitors could not park in the area. As part of the revitalization of the area, the City and the Former RDA developed public parking lots on vacant properties, thereby facilitating businesses to locate in the existing historic buildings and have parking available for their customers.

The Property cannot be used for any other purpose because removal of the parking provided by this Property would result in loss of patronage to the businesses in the area as shoppers and visitors elect to take their trade to other venues with convenient parking. The Community has expressed concern about the lack of parking on Old Town which would be exacerbated by the loss of this parking lot. The parking is free of charge and all costs of maintaining the parking lot are currently paid by the City and always have been. The City is the appropriate public agency to receive the Property.

The Property was acquired with CDBG Funds. Under the CDBG regulations, any proceeds from the sale of the Property have to be treated as Program Income by the City and may only be used for CDBG eligible activities. The CDBG program requires that before the use of the Property can be changed a public hearing must be held and the new use must meet the CDBG requirements. The CDBG Program requires that any sales proceeds from the Property be treated as program income and used only for CDBG eligible activities. (Refer to attached HUD Information Bulletin, dated February 26, 2015).

PROPERTY #12 - SW CORNER OF 1ST & C STREETS

ADDITIONAL INFORMATION

DETAILED AERIAL VIEW

HUD INFORMATION BULLETIN, DATED FEBRUARY 26, 2015

DETAILED AERIAL VIEW



HUD INFORMATION BULLETIN, DATED FEBRUARY 26, 2015



U.S. Department of Housing and Urban Development
San Francisco Regional Office, Region IX
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HUD

Office of Community Planning and Development
Joint San Francisco & Los Angeles Field Office

Information Bulletin

Issue No. CPD-2015-3
February 26, 2015

MEMORANDUM FOR: All Community Development Block Grant (CDBG) Program Grantees in California

FROM: Maria Cremer
Director, Office of Community Planning and Development,
San Francisco Regional Office
William G. Vasquez 
Director, Office of Community Planning and Development
Los Angeles Office

SUBJECT: CDBG Program Real Property Log

On February 28, 2014, the Inspector General for the U.S. Department of Housing and Urban Development issued an audit that found that HUD needed to improve its oversight of assets transferred by former redevelopment agencies that were funded by the following programs: Community Development Block Grant, Section 108, Economic Development Initiative, and Brownfield Economic Development Initiative Programs. The report cited the concern for ensuring that the affordability covenants are upheld despite the transfer of control resulting from the dissolution of California's redevelopment agencies. The purpose of this Information Bulletin is to remind all CDBG grantees of the associated requirements and ensure the protection of these program assets.

Regulatory Background

In accordance with the CDBG regulations found at 24 CFR 570.501, the use of designated public agencies, subrecipients (e.g., Redevelopment Agencies), or contractors does not relieve CDBG grantees of the responsibility for ensuring program compliance.

The relevant Federal regulations governing the management and disposition of real property are 24 CFR 570.505 and 570.506(d) for grantees and 570.503(b)(7) for subrecipients. Real property means land, including any improvements to and structures located on the land, but excluding any movable machinery or equipment.

For any real property acquired or improved in whole or in part with CDBG funds in excess of \$25,000 within the *grantee's* control, the use or planned use of the property (including the beneficiaries of such use) cannot change without first providing affected citizens notice and opportunity to comment, and determining that either:

- a. The contemplated new use meets one of the National Objectives and is not a building for the general conduct of government; or,
- b. The contemplated new use is deemed appropriate (after consultation with affected citizens) but will not meet a National Objective. In this latter case, the grantee must reimburse the CDBG program in the amount of the current fair market value of the property, less the value attributable to the non-CDBG portion of the acquisition or improvements.

In addition, the recordkeeping requirements found at 24 CFR 570.506(d) require that documents be maintained to demonstrate compliance with 24 CFR 570.505 regarding any change of use of real property acquired or improved with CDBG assistance.

For property acquired or improved in whole or in part with CDBG funds in excess of \$25,000 within the *subrecipient's* control, the written agreement requirements stipulate that the property must either:

- a. Be used by the subrecipient to continue to meet one of the CDBG program's National Objectives for at least 5 years after the expiration of the Subrecipient Agreement (or a longer time as specified by the grantee in the Subrecipient Agreement); or,
- b. If a National Objective is not met during this time period, the grantee must be reimbursed for the current fair market value, less any portion of the value attributable to non-CDBG funds. This payment would be considered program income to the grantee. (No payment is required after the period of time specified in paragraph (a) above.)

Please be advised that these regulations also include recipients of funding from the Section 108 Loan Guarantee, Economic Development Initiative (EDI), Brownfields Economic Development Initiative (BEDI), and Neighborhood Stabilization Program (NSP) funding.

Safeguarding CDBG-Funded Assets

According to the audit report, insufficient documentation was maintained to monitor CDBG-funded assets that were part of the State of California's mandated shutdown of grantee's redevelopment agencies. Specifically, adequate records could not be provided to support ownership of the sampled assets. This is problematic because these assets are at risk of being transferred to entities that may not continue to meet CDBG program objectives. It also presents a potentially significant loss of program income, which could have otherwise benefited CDBG programs.

As a result, we will be monitoring CDBG grantees to ensure that they are maintaining a database to track real property acquired and/or improved with CDBG funds in excess of \$25,000. Following is a list of the suggested fields that should be contained in this real property log. The items identified in bold and with an asterisk represent the minimum level of data that must be maintained. A sample log is enclosed (please see Attachment A).

General

1. **Program** – CDBG, Section 108, EDI, BEDI*
2. IDIS Activity Number or Grant Number for 108/EDI/BEDI projects
3. **Address*** – Address of property and legal description (e.g., parcel and lot number)
4. **Acquisition/Improvement Date***
5. **Amount of CDBG/108/EDI/BEDI Assistance***
6. Source and Amount of Non-CDBG Funds
7. Total Acquisition/Improvement Cost – (Sum of Items 6 and 7)
8. **Name of Titleholder***

For Recipient-Owned Properties

9. Disposition Information
 - a. Disposition Date – If not applicable, please state “Active”.
 - b. Program Income Due to Recipient? If “yes”, please enter amount in 9c below. If “no”, no further entries required.
 - c. **Program Income Amount***
 - d. Date Program Income Received
 - e. Program Income Recorded in IDIS/QPR? (yes/no)

For Subrecipient-Owned Properties

10. Reversion of Assets Clause Termination Date – Five years after termination of subrecipient agreement or recipient-determined date, whichever is later
11. Disposition Information
 - a. **Disposition Date (if applicable)*** – If not applicable, please indicate “Active”.
 - b. Program Income Due to Recipient? If “yes”, please enter amount in 12c below. If “no”, no further entries required.
 - c. **Program Income Amount***
 - d. Date Program Income Received
 - e. Program Income Recorded in IDIS/QPR? (yes/no)

Please be advised that a real property log does not replace the need for maintaining comprehensive records in your activity files; rather, it may serve as a management tool for safeguarding CDBG-funded program assets. As HUD programs make a substantial investment in a community’s real and capital projects, CPD strongly recommends all grantees to review applicable programmatic and overlay requirements, agreements, and their inventory of assisted projects to confirm that the above standards are met for continued project success.

If you have any questions, please call or email your assigned CPD Representative.

Attachment

ATTACHMENT A: Sample Real Property Log

Grantee-Owned Properties

Program	IDIS Act. No.	Address/ Legal Description	Acquisition/ Improvement Date	Amount of CDBG/108/ EDI/BEDI Assistance	Source and Amount of Non-CDBG Funds	Total Acquisition/ Improvement Cost	Name of Titleholder	Disposition Information						
								Disposition Date	Program Income (PI) Due? (yes/no)	PI Amount	Date PI Received	PI Recorded in IDIS/QPR? (yes/no)		
1.														
2.														
3.														
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10.														

Subrecipient-Owned Properties

Program	IDIS Act. No.	Address/ Legal Description	Acquisition/ Improvement Date	Amount of CDBG/108/ EDI/BEDI Assistance	Source and Amount of Non-CDBG Funds	Total Acquisition/ Improvement Cost	Name of Titleholder	Reversion of Assets Termination Date	Disposition Information					
									Disposition Date	Program Income (PI) Due? (yes/no)	PI Amount	Date PI Received	PI Recorded in IDIS/QPR? (yes/no)	
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PROPERTY #13 - EUREKA CITY SCHOOLS CORPORATION YARD



PARCEL INFORMATION

Map Reference	13
Address	14 th & Koster Streets
Assessor's Parcel No.	003-141-004
Current Zoning	ML (Limited Industrial) (Coastal)
Lot Size	2.68 acres or 116,787 sq. ft.
Former RDA Asset Value	\$33,000
Current Use	Eureka City Schools Corporation (Bus) Yard

PROPERTY ACQUISITION DATE AND PURPOSE

In 1980, the City transferred the Property to the Former RDA to assist with the relocation and development of a new Eureka City Schools Corporation Yard.

Eureka City School District leases the site from the former RDA. The lease requires the District to pay \$1.00 per year in rent. The lease runs until mid-2030.

KNOWN GROUND ISSUES

The Property is located in an area that was originally mud and marsh lands. Fill material was placed over the Property 45 to 50 years ago. It is unknown if it was uncontrolled fill material.

The majority of buildings constructed within this area over the past 30+ years have included concrete driven piles. These piles were driven 20' to 50' in depth. It is assumed any new construction on the Property would require concrete driven piles or similar construction methods.

ENVIRONMENTAL CONTAMINATION HISTORY

In 1992, two hydraulic lifts used within the bus service department were removed due to subsurface water penetrating the pit area. In 1997, a 550 gallon waste oil tank was removed. At the time of the tank removal, it was discovered there were some petroleum and hydrocarbons present along the west side of the Property. Various monitoring wells were installed and tracked over a period of years. They have since been capped without any further action required by the Humboldt County Division of Environmental Health – Hazardous Material Unit.

Due to the industrial uses adjacent to the Property, tidal influence with shallow water tables, and existing/past gas stations along Broadway, there is a potential for petroleum product movement underground.

HISTORY OF DEVELOPMENT PROPOSALS AND ACTIVITIES



In August, 1978, the City received a three year commitment for a \$1.25 million Small Cities Block Grant. The comprehensive program associated with these funds included the acquisition and rehabilitation of an underutilized historic school facility, the Washington School. This old school structure has been rehabilitated for use as a Senior Center, complete with meeting rooms, kitchen, and dining facility. The facility is leased to the Humboldt Senior Resource Center for a nominal \$1/year lease. Additionally, the project included the rehabilitation of an old fire station into a children's day-care-center and play center.

The Former RDA, participated in the implementation of this project by providing a site and up to \$185,000 to assist in the construction of a new facility to relocate the Eureka City Schools Corporation Yard, previously located in the Washington School site. The new corporation yard is located in the Westside Industrial section of the Core Area (14th and Koster Streets). The project accomplished the removal of a blighting influence from a predominately residential neighborhood, renovation of an historic community school and fire station, and has provided an opportunity to consolidate senior services in a centrally located facility, as well as provided City Schools with an upgraded Corporation Yard in an appropriate industrial neighborhood.

In 1980, Eureka City Schools conveyed the historic Washington School site to the City in trade for a leasehold interest in City owned vacant parcel in the Westside industrial area of Eureka. In accordance with the lease, the School District developed the Property as their corporation yard with assistance from the former RDA. The lease requires the District to pay \$1.00 per year in rent. The lease runs until mid-2030.

POTENTIAL FOR TRANSIT ORIENTED DEVELOPMENT & MEETING THE PLANNING OBJECTIVES OF THE SUCCESSOR AGENCY

Transit Oriented Development - The Site is fully developed and does not have potential for transit oriented development.

Meeting Planning Objectives of the Successor Agency - The Property is instrumental in meeting the goal of the Core Area Development Plan. The goal is as follows:

The overall goal of the Redevelopment Agency is to create an economic and environmental climate conducive to stimulate progress, and at the same time maintain the qualities which make Eureka a good place, in which to live, work and visit.

Within this overall goal, the objectives of the Core Area Plan are to provide a detailed framework, for revitalizing the Downtown Office and Commercial Areas, Industrial Area, Waterfront, Old Town improvements and increasing the quality and quantity of residential units located in the Core Area.

Among the specific objectives identified to achieve this goal are the following:

- 1. Build Eureka's Core Area into a substantial visitor attraction, to generate and maintain a healthy tourist industry.*
- 2. Create a better downtown environment for the enjoyment, convenience and benefit of the people in Eureka and surrounding area.*
- 3. Bolster Eureka's position as the commercial hub of its market area.*
- 4. Establish Eureka as the cultural and social center of the north coast.*
- 5. Develop new and expanded employment resources for local residents.*
- 6. Maintain the flow of state and federal funds into the area, to help combat weaknesses in the local economy.*
- 7. Provide diverse new housing opportunities within the Core Area, particularly for the elderly and moderate to low income groups.*
- 8. Provide adequate, safe and sanitary housing for all persons who are displaced as a result of any action to improve the Core Area.*
- 9. Provide adequate sites for all businesses which are displaced as a result of the actions to improve the Core Area.*
- 10. Obtain better utilization of the total Waterfront, including adequate access for public use and employment.*
- 11. Provide adequate separation of pedestrian, passenger and commercial traffic movements, and eliminate to the greatest extent possible Core Area truck traffic once the freeway is complete, in order to minimize the adverse effects of noise and vibration.*

12. *Preserve the architectural and cultural heritage of Eureka by rehabilitating and restoring historic buildings and areas, thus protecting a significant record of California's past. The importance of this historical record has been recognized in the designation of the entire City as a state historical landmark.*

Since the adoption of the Core Area in 1973, the City and Former RDA have been steadfast in pursuing and accomplishing these relevant and on-going goals and objectives.

ESTIMATE OF ANY LEASE, RENTAL OR ANY OTHER REVENUES

The City of Eureka has a 55-year ground lease for \$1.00/year with Eureka City Schools. The lease does not expire until June 4, 2030.

USE/DISPOSITION OF PROPERTY

The Successor Agency is recommending transfer of the Property to the City as a governmental use Property for retention as a Eureka City Schools Corporation Yard. Pursuant to Health and Safety Code Section 34181(a), the Oversight Board may direct the transfer of Property that was constructed and used for a governmental purpose to the appropriate public jurisdiction. The Property is used by Eureka City Schools as a Corporation Yard. The Property cannot be used for another purpose without displacing the School's Corporation Yard. There are no other suitable sites in the area for the Corporation Yard.

PROPERTY #14 - FISHERMAN'S TERMINAL



PARCEL INFORMATION

Map Reference	14
Address	N of 1 st Street, W of C Street, Eureka CA
Assessor's Parcel No.	001-011-026 (previously AP#'s 001-011-23 & 25)
Current Zoning	MC (Coastal Dependent Industrial) (Coastal)
Lot Size	1.95 acres or 85,327 sq. ft.
Former RDA Asset Value	\$2,327,974
Current Use	Fisherman's Terminal & Fisherman's Work Area

PROPERTY ACQUISITION DATE AND PURPOSE

In 1995, the Former RDA purchased several dilapidated blighted properties along Eureka's historic waterfront. These properties had been stagnant for over 30 years and had become an economic and social drain on the community. Health and safety issues were significant, with high illegal drug activity and fire risks being of major concern. The Former RDA secured these properties, resolved out-standing title issues, prepared the properties for purchase and development, and reserved several parcels for public use as identified in the Waterfront Revitalization Plan.

CITY RESPONSE TO JUNE 2014 DOF INQUIRY:

The Fisherman's Terminal Project was completed in September 2011. The fish processing portion of the facility is fully leased and occupied. The Seafood Café and Retail Fish Counter is currently under construction and expected to open fall 2015.

While seeking a tenant for the Café and Retail Seafood Counter, it became apparent there were some design modifications necessary to make the space fully functional and leasable. These modifications, although minimal, triggered additional parking space requirements which was resolved by merging two City owned parcels, therefore creating a new Assessor's Parcel Number. The merger was successfully completed on June 6, 2012. (Notice of Merger and Certificate of Subdivision Compliance is attached).

KNOWN GROUND ISSUES

There are no known ground issues.

ENVIRONMENTAL CONTAMINATION HISTORY

In July 1995, Oscar Larson and Associates (OLA) conducted a Preliminary Environmental Site Assessment (ESA) for the properties bounded by Humboldt Bay, First Street, D Street and C Street, which notes the following:

The purpose of the ESA was to identify conditions or activities (current or historical) on or near the subject site that imply the potential for, presence of, hazardous substance or petroleum product contamination in the subsurface soil or groundwater at the site...

Historically the subject parcels were used for warehousing, hotels, saloons and light manufacturing. No evidence was found indicating hazardous materials or petroleum products were stored in the warehouses or that light manufacturing used hazardous substances or petroleum products. The adjoining sites to the east and south were used for similar purposes. West and southwest adjoining properties were occupied by a lumber mill and a coal gas plant, respectively, in the early to mid-1900s.

Research of the recent uses of the site and the site reconnaissance did not reveal conditions that indicate previous or potential onsite sources of hazardous materials and petroleum products. Exterior building shingles, suspected to contain asbestos, were found in the vicinity of a previously burned building.

Based on the results of the Phase 1 Assessment, no further investigation was conducted.

HISTORY OF DEVELOPMENT PROPOSALS AND ACTIVITIES

In 1995, the Former RDA purchased this Property along with several dilapidated properties along Eureka's historic waterfront. The Former RDA secured these properties, resolved out-standing title issues, prepared the properties for purchase and development and reserved several parcels for public use as identified in the Waterfront Revitalization Plan (C Street Market Square and the Fisherman's Terminal).

The Council adopted the "Waterfront Revitalization Plan" that identified the Fisherman's Terminal Project as a key component to the success of Eureka's waterfront revitalization efforts.

The goal of the Fishermen's Terminal project is to support economic development in the City of Eureka, the County of Humboldt and beyond through waterfront development of long term

infrastructure in support of base industry cluster Fishing, Processing and Aquaculture. The Fishermen's Terminal Building provides the fish processing industry with the space and opportunity to develop additional specialty products.

Wild Planet (2 jobs saved, 6 created), Coast Seafoods (32 jobs saved, 19 created), and Humboldt Seafood Unloaders (2 jobs saved) are tenants in the building and have the opportunity to expand their businesses. Wild Planet and Humboldt Seafood Unloaders historically had fish buying stations located on the partially burned Dock B in Eureka. With the closure of Dock B due to earthquake damage, these two businesses temporarily moved to the Fisherman's work Area adjacent to the Property. Coast Seafoods needed additional space for kumomoto oyster processing. Additional space and improved dock conditions will allow all of these businesses to diversify and add employees.

In addition, the Fishermen's Terminal Building includes a retail seafood counter and café (under construction) and an adjacent market square for community events. The square includes space for a temporary stage and has a ticket booth for the historic vessel Madaket's bay tours and ample space for the market vendors.

This space provides an opportunity for local fisherman to sell more of their catch for local consumption. Currently the farmer's market held in Old Town Eureka during the summer months includes fresh produce and canned goods like olives and honey. The new market square allows the fishing industry to participate in the farmer's market because of its proximity to the Terminal Building and the docks. Its location will also allow tourists to see local and visiting fishing boats unloading their catch at the docks.

The Fisherman's Terminal Project was completed in September 2011. The fish processing portion of the facility is fully leased and occupied. Due to the dissolution of the Redevelopment Agency, the completion of the Seafood Café and Retail Fish Counter was delayed. Funding for the Fisherman's Terminal included a \$2.4 million grant under the Economic Development Administration's Recovery Program. The EDA Grant requires that the Property be used in accordance with the terms of the Grant for a period of 20 years and that if the Property is sold prior the expiration of the 20 year period, the EDA must receive is proportionate share of the sales proceeds. The specific provisions of the EDA Grant are set forth below.

Exhibit A of the Financial Assistance Award Agreement (9/18/2009) with the City of Eureka and the U.S. Department of Commerce Economic Development Administration (Public Works and Development Facilities) specifies the following:

...9. RECORDED STATEMENT: The Recipient expressly agrees to grant to the Government, prior to EDA authorization to start construction, a first priority unsubordinated lien against, covenant or other statement of EDA's interest in the property acquired or improved in whole or in part with the funds made available under this award. The statement shall specify in years the estimated useful life of the project and shall include, but not be limited to disposition, encumbrance, and compensation of Federal share requirements of 13 CFR Part 314. The statement shall be satisfactory in form and substance to EDA. The statement of EDA's interest must be perfected and placed of record in the real property records of the jurisdiction in which

the property is located, all in accordance with local law. EDA will in its own discretion determine whether the lien, covenant or statement of interest is satisfactory, and EDA may require an opinion of counsel for the Recipient that is valid and enforceable according to its terms, and has been properly recorded. Facilities in which EDA investment is only a small part of a large project, as determined by EDA may be exempted from the requirements of this section.

The Recipient further agrees that:

(a) except as provided in 13 CFR 314.3(b), (c) or (d). whenever, during the expected useful life of the project, or any property acquired or improved in whole or in part with grant assistance is disposed of, or no longer used for the authorized purposes of the project, the federal Government must be compensated by the Recipient for the federal share of the value of the property, provided that for equipment and supplies, the standards of the Uniform Administrative Requirements for Grants at 15 CFR Parts 14 and 24 or any supplements or successors thereto, as applicable, shall apply.

(b) if property is disposed of or encumbered without EDA approval, EDA may assert its interest in the property to recover the federal share of the value of the property for the federal Government. EDA may pursue its rights under both paragraphs (a) and (b) of this section to recover the federal share, plus costs and interest.

(c) the federal share of the value of the property is that percentage of the current fair market value of the property attributable to the EDA participation in the project (after deducting actual and reasonable selling and fix-up expenses, if any, incurred to put the property into condition for sale). The federal share excludes that value of the property attributable to acquisition or improvements before or after EDA's participation in the project and not included in project costs.

(d) the lien, covenant or other statement of EDA's interest must remain in effect throughout the useful life of the project which is determined to be 20 years.

Where the Recipient's interest in the property is a leasehold for the term of the years less than the depreciable remaining life of the property, that factor will be considered in determining the percentage of the Federal share.

This Award agreement contemplates leases, by the Recipient, of space in the Fisherman's Terminal Building constructed in this Project, The making of such leases, consistent with the authorized purpose of the Award and applicable EDA requirements concerning, but not limited to, adequate consideration, nondiscrimination and environmental compliance, is an authorized use of the Project property, provided that the lease is pursuant to a lease agreement that is approved by EDA.

POTENTIAL FOR TRANSIT ORIENTED DEVELOPMENT & MEETING THE PLANNING OBJECTIVES OF THE SUCCESSOR AGENCY

Transit Oriented Development - The Property is fully developed and is unavailable for transit oriented development.

Meeting Planning Objectives of the Successor Agency - The site meets several of the objectives of the Core Area Development Plan, including the following objectives:

1. *Build Eureka's Core Area into a substantial visitor attraction, to generate and maintain a healthy tourist industry.*
2. *Create a better downtown environment for the enjoyment, convenience and benefit of the people in Eureka and surrounding area.*
3. *Bolster Eureka's position as the commercial hub of its market area.*
4. *Establish Eureka as the cultural and social center of the north coast.*

These original goals and objectives continue today as evidenced in the following relevant sections from the 5-Year Implementation Plan adopted on December 21, 2010:

Goal: *To revitalize Eureka's core area by enhancing the waterfront for both industrial and recreational purposes, facilitating the development and redevelopment of the industrial areas, preserving and strengthening the residential area and commercial areas, and improving public space and facilities.*

Objective: *To revitalize the Eureka waterfront and eliminate blighting influences.*

Policies Supporting Objective:

- *The Agency shall encourage the maintenance of the historic maritime industrial and commercial character of areas of the waterfront while working with owners to rehabilitate existing structures and construct new ones.*
- *The Agency shall work to support the economic viability of working maritime waterfront uses.*
- *The Agency shall encourage the expansion of waterfront recreation and maritime activities which also serve as tourist attractions.*
- *The Agency shall pursue opportunities to improve the bay, including activities such as dredging and enhancing dock space.*
- *The Agency shall facilitate the improvement of public access to and along the shoreline, including pedestrian and vehicular access to the area along Waterfront Drive.*
- *The Agency shall work to maintain the scenic and visual amenities offered by the waterfront.*
- *The Agency shall facilitate the development and redevelopment of key parcels, considering factors such as project use and aesthetics.*
- *The Agency shall make efforts to attract businesses to the area and support events and festivals which attract resident and tourist visitors.*

Activities/Programs Implementing Goals and Objectives

- *Waterfront Revitalization Activities.* The Agency will provide assistance and sponsor activities which will improve, rehabilitate, develop, and redevelop the waterfront. These activities include assistance for rehabilitation of existing waterfront properties, the construction and reconstruction of streets to improve pedestrian and vehicular access, the provision of public improvements to stimulate private investment, assist in the acquisition and assemblage of properties, the disposition of public properties consistent with the goals and objectives of the Redevelopment Plan, the provision of new, or improvement of existing, community facilities, and improvements to the bay that will enhance the use of the waterfront.

ESTIMATE OF ANY LEASE, RENTAL OR ANY OTHER REVENUES

Total revenue for Fisherman's Terminal Building:

Coast Seafoods	\$28,656
Wild Planet	\$44,034
Humboldt Seafood Unloaders	\$10,200
	\$82,890
15% to State Controller's Office	\$12,433
Total Annual Cost	\$70,457
Fully Weighted Employee	\$66,500 (60% attributed to the FTB) = \$39,900
Insurance	\$ 1,300
Supplies	\$ 6,000
Property Management Time	\$ 1,100
Maintenance	\$ 6,000
	\$54,300

USE/DISPOSITION OF PROPERTY

The Successor Agency is recommending transfer of the Property to the City as a governmental use Property for retention as a Fisherman's Terminal. Pursuant to Health and Safety Code Section 34181(a), the Oversight Board may direct the transfer of Property that was constructed and used for a governmental purpose to the appropriate public jurisdiction. The Property has been developed with a facility that provides space for the Eureka fishing industry. Prior to developing the Property with the Fisherman's Terminal, the Former RDA conducted a feasibility study to determine the economic feasibility for the private sector to develop space for fishing operations along the Eureka waterfront. It was determined that fishing businesses could only pay limited rents for space due to their low profit margins. The limited rents made it infeasible for the private sector to provide the space needed to maintain a presence for the fishing industry along the Eureka Waterfront. The former RDA successfully sought several grants including an EDA grant to fund

the costs of construction of the Fisherman's Terminal. The completed Fisherman's Terminal provides a home for fishing businesses that previously had been displaced along the waterfront as a result of blight remediation and provides a centrally located site for the industry. The Fisherman's Terminal helps ensure that the fishing industry continues to be a vital part of the Eureka economy, providing jobs and economic development to the area. The costs of maintaining and managing the Property are covered by the rent, but the City is responsible for any shortfall.

PROPERTY #14 - FISHERMAN'S TERMINAL
ADDITIONAL INFORMATION

DETAILED AERIAL VIEW OF PARCEL MERGER
NOTICE OF MERGER AND CERTIFICATE OF SUBDIVISION COMPLIANCE

DETAILED AERIAL VIEW OF PARCEL MERGER



<p>Scale: 1" = 80'</p>	<p style="text-align: center;">Fisherman's Terminal Merge of Parcels 001-011-023 and 001-011-025 into 001-011-026</p> <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: right;"> <p>Date: 3/30/2015</p> <p>Created By: rtpolewski</p> </div> </div>
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NOTICE OF MERGER AND CERTIFICATE OF SUBDIVISION COMPLIANCE

RECEIVED

AUG - 7 2012

2012-014376-4
Recorded - Official Records
Humboldt County, California
Carolyn Crnich, Recorder
Recorded by: CITY OF EUREKA

DEPARTMENT OF
COMMUNITY DEVELOPMENT
For recording purposes, this instrument
is for the benefit of the City of Eureka per
Government Code 27383.

AFTER RECORDING RETURN TO:
City of Eureka
Community Development Department
531 "K" Street, Third Floor
Eureka, CA 95501

Clerk: LH Total: \$0.00
Jun 6, 2012 at 15:43:21

NOTICE OF MERGER and CERTIFICATE OF SUBDIVISION COMPLIANCE

ASSESSOR'S PARCEL NUMBER(S): 001-011-023 and -025 CASE NO.: M-12-0002
PROPERTY OWNER(S) OF RECORD: CITY OF EUREKA

NOTICE IS HEREBY GIVEN pursuant to Section 66499.20: of the Government Code of the State of California, commonly known as the Subdivision Map Act, that the real properties in the attached EXHIBIT "A" have been merged together into one parcel or unit of land, and that said real properties are not separate properties for the purpose of sale, subdivision or development.

NOTICE IS FURTHER GIVEN that said merger has been voluntarily executed by the owner(s) of record of the real property who waive the notice of intention and the request for hearing specified in Section 66451.13 and 66451.14 of the Subdivision Map Act.

NOTICE HEREIN IS GIVEN by the person whose name is subscribed on page two of this instrument that he is the owner of record of the real property described in the attached EXHIBIT "A".

On this 6th day of June, 2012, I hereby certify that the merger for which this Notice is given has been executed with the approval of the City of Eureka and that the Parcel or unit of land resulting from the merger complies with the provisions of the California Subdivision map Act and City of Eureka Ordinances enacted pursuant thereto.

By 
Lisa D. Shikany
Acting Director of Community Development, City of Eureka

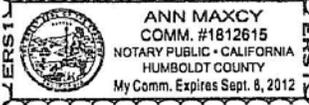
State of California
County of Humboldt

On June 6, 2012 before me, Ann Maxcy, Notary Public (here insert name and title of the officer), personally appeared Lisa D. Shikany who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature  (Seal)



ANN MAXCY
COMM. #1812615
NOTARY PUBLIC - CALIFORNIA
HUMBOLDT COUNTY
My Comm. Expires Sept. 8, 2012

OWNER'S REPRESENTATION

I/We hereby represent that I/we am/are the owner(s) of record of the real properties described in the attached EXHIBIT "A" and that I/we have consented to and executed the property merger for which I/we have given the notice herein.

(for owner's name(s) and signature(s))



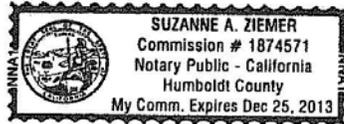
Sign above. Print name here: DAVID W. TYSON
Title: City Manager

State of California
County of Humboldt

On May 31, 2012 before me, Suzanne A. Ziemer, Notary Public (here insert name and title of the officer), personally appeared David W. Tyson who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Suzanne A. Ziemer (Seal)

EXHIBIT "A"
PROPERTY DESCRIPTION

All that real property situated in the City of Eureka, County of Humboldt, State of California, described as follows:

TRACT ONE

Parcel "A"

All that real property situated in the City of Eureka, County of Humboldt, State of California:

All of that land described as "Parcel B" in a Lot Line Adjustment and Certificate of Subdivision Compliance as recorded September 12, 2008 as Document No. 2008-22318-6, Humboldt County Official Records.

Together with:

That portion of Parcel 11 of Parcel Map No. 1852 as recorded in 16 Parcel Maps 57-61, described as follows:

BEGINNING at the Northeast corner of said Parcel 11;

THENCE, South 78° 49' 45" West, along the Northerly line of said Parcel 11, a distance of 23.00 feet;

THENCE, South 10° 46' 14" East, a distance of 67.02 feet;

THENCE, South 55° 52' 41" East, a distance of 6.24 feet;

THENCE, South 10° 47' 05" East, a distance of 197.01 feet to a point in the Southerly line of said Parcel 11;

THENCE, North 79° 14' 00" East, a distance of 17.81 feet;

THENCE, North 63° 27' 00" East, a distance of 0.73 feet to the southeasterly corner of said 11;

THENCE, North 10°46'00" West along the East line of said Parcel 11, a distance of 268.40 feet to the POINT OF BEGINNING.

The above described parcel of land contains 46,698 square feet of land, more or less.

Parcel "B"

All that real property situated in the City of Eureka, County of Humboldt, State of California:

Being all of Parcel 11 of Parcel Map No. 1852 as recorded in 16 Parcel Maps 57-61, save and except that portion more particularly described as follows:

BEGINNING at the Northeast corner of said Parcel 11;

THENCE, South 78° 49' 45" West, along the Northerly line of said Parcel 11, a distance of 23.00 feet;

THENCE, South 10° 46' 14" East, a distance of 67.02 feet;

THENCE, South 55° 52' 41" East, a distance of 6.24 feet;

THENCE, South 10° 47' 05" East, a distance of 197.01 feet to a point in the Southerly line of said Parcel 11;

THENCE, North 79° 14' 00" East, a distance of 17.81 feet;

THENCE, North 63° 27' 00" East, a distance of 0.73 feet to the southeasterly corner of said 11;

THENCE, North 10°46'00" West along the East line of said Parcel 11, a distance of 268.40 feet to the POINT OF BEGINNING.

The above described parcel of land contains 39,972 square feet of land, more or less.

PROPERTY #15 - N.W. CORNER OF 1ST & D STREETS



PARCEL INFORMATION

Map Reference	15
Address	NW Corner of 1 st and D Streets
Assessor's Parcel No.	001-054-045
Current Zoning	CW (Waterfront Commercial) (Coastal)
Lot Size	1.34 acres or 58,475 sq ft
Former RDA Asset Value	\$450,000
Current Use	Vacant

PROPERTY ACQUISITION DATE AND PURPOSE

In 1995, the Former RDA purchased several dilapidated blighted properties along Eureka's historic waterfront. These properties had been stagnant for over 30 years and had become an economic and social drain on the community. Health and safety issues were significant, with high illegal drug activity and fire risks being of major concern. The Former RDA secured these properties, resolved out-standing title issues, prepared the properties for purchase and development, and reserved several parcels for public use as identified in the Waterfront Revitalization Plan.

KNOWN GROUND ISSUES

Soil conditions, will require special and costly foundations, such as driven piles.

ENVIRONMENTAL CONTAMINATION HISTORY

In 1999, Oscar Larson and Associates (OLA) conducted a Phase I Environmental Assessment (ESA) for the City of Eureka. The report documents the findings of OLA's assessment. The report contains the following:

The subject site has been used as waterfront access and warehouse since at least 1886. Sometime between 1920 and 1943 the site began to be used as a fish processing facility. Two warehouses were constructed onsite. The large westerly building was built on large timbers in three stages. The small easterly building had a concrete floor on piling. It collapsed in a windstorm about 1998. The uses of the site reportedly continued in that capacity until sometime in the late 1970's. Since that time the site has been either dormant or has seen limited use as a warehouse; and most recently for storage of gear and equipment by Humboldt State University crew club on its western portion. OLA's Phase I Environmental Site Assessment of the subject site revealed evidence of recognized environmental conditions at the site.

No direct evidence of the release of hazardous chemicals to the site was revealed by this assessment. However the past industrial use of the site and the area around it likely involved the use and storage of hazardous chemicals.

Building materials observed in the standing structures may contain hazardous materials. The buildings are founded on treated wooden piers, which may contain hazardous chemicals. Exterior portions of the building are covered with asphalt shingles, which may contain asbestos. The interior walls, trusses, and under-roof are painted with a white paint, which is in poor condition. The paint may contain lead.

Based upon the findings of the Phase I, ESA, OLA has developed recommendations to conduct a limited Phase II ESA Sampling program to evaluate for the possible presence of selected chemical parameters in shallow soils and groundwater at the site, including sampling and analysis of existing building materials at the site for wood preservatives, lead-based paint, and asbestos. The objective of the Phase II ESA sampling is to evaluate for conditions which may require special consideration in the site redevelopment planning.

Prior to the dissolution of Redevelopment in California, the Former RDA had negotiated a Disposition and Development Agreement (DDA) with Eureka Waterfront Partners for the purchase and development of the site. In the DDA, the Former RDA had committed to remediate any soils conditions in accordance with an approved remediation plan. Because the development contemplated in the DDA never proceeded, the Former RDA did not prepare the remediation plan or complete the remediation work.

HISTORY OF DEVELOPMENT PROPOSALS AND ACTIVITIES

In 1995, the Former RDA purchased several dilapidated properties along Eureka's historic waterfront. The Former RDA secured these properties, resolved outstanding title issues, prepared the properties for purchase and development and reserved several parcels for public use as identified in the Waterfront Revitalization Plan (C Street Market Square and the Fisherman's Terminal). One of the properties acquired included two historic structures referred to as the "Fishermen's Buildings". In 1995, the Former RDA issued a Request for Proposal (RFP) for the lease and/or purchase of the Property and selected Eureka Waterfront Partners (EWP) to enter into an ERTN.

In 1998, the easterly building collapsed during a major wind storm, prompting the Former RDA to conduct a "structural analysis" on the remaining structure. Based on the results of the report, the Former RDA elected to deconstruct the remaining building due to safety issues.

After removal of the buildings, the Former RDA and EWP resumed plans to develop the Property. The initial proposal was for a mixed use condominium development. The last proposed development by EWP was a hotel development. As a result of Coastal Commission permitting issues, a lawsuit from the Humboldt Taxpayers League, and economic issues, the development was delayed and ultimately the DDA was terminated. The City and EWP negotiated a subsequent agreement to prepare an EIR for the hotel development while the parties negotiated the terms of a new DDA. The hotel development is currently suspended and no new DDA has been negotiated.

POTENTIAL FOR TRANSIT ORIENTED DEVELOPMENT & MEETING THE PLANNING OBJECTIVES OF THE SUCCESSOR AGENCY

Transit Oriented Development - Eureka is a remote and rural location with limit transit options. The City contracts transportation services with the Humboldt Transit Authority for the Eureka Transit bus service. The cost to the City for transit service ranges from 70 to 83% for each ride provided, making the provision of additional transit infeasible.

Meeting Planning Objectives of the Successor Agency - The site presents an opportunity to meet several of the objectives of the Core Area Development Plan, including the following:

1. *Build Eureka's Core Area into a substantial visitor attraction, to generate and maintain a healthy tourist industry.*
2. *Create a better downtown environment for the enjoyment, convenience and benefit of the people in Eureka and surrounding area.*
3. *Bolster Eureka's position as the commercial hub of its market area.*
4. *Establish Eureka as the cultural and social center of the north coast.*

These original goals and objectives continue today as evidenced in the following relevant sections from the 5-Year Implementation Plan adopted on December 21, 2010:

Goal: *To revitalize Eureka's core area by enhancing the waterfront for both industrial and recreational purposes, facilitating the development and redevelopment of the industrial areas, preserving and strengthening the residential area and commercial areas, and improving public space and facilities.*

Objective: *To revitalize the Eureka waterfront and eliminate blighting influences.*

Policies Supporting Objective:

- *The Agency shall encourage the maintenance of the historic maritime industrial and commercial character of areas of the waterfront while working with owners to rehabilitate exiting structures and construct new ones.*

- *The Agency shall work to support the economic viability of working maritime waterfront uses.*
- *The Agency shall encourage the expansion of waterfront recreation and maritime activities which also serve as tourist attractions.*
- *The Agency shall pursue opportunities to improve the bay, including activities such as dredging and enhancing dock space.*
- *The Agency shall facilitate the improvement of public access to and along the shoreline, including pedestrian and vehicular access to the area along Waterfront Drive.*
- *The Agency shall work to maintain the scenic and visual amenities offered by the waterfront.*
- *The Agency shall facilitate the development and redevelopment of key parcels, considering factors such as project use and aesthetics.*
- *The Agency shall make efforts to attract businesses to the area and support events and festivals which attract resident and tourist visitors.*

Activities/Programs Implementing Goals and Objectives

- *Waterfront Revitalization Activities. The Agency will provide assistance and sponsor activities which will improve, rehabilitate, develop, and redevelop the waterfront. These activities include assistance for rehabilitation of existing waterfront properties, the construction and reconstruction of streets to improve pedestrian and vehicular access, the provision of public improvements to stimulate private investment, assist in the acquisition and assemblage of properties, the disposition of public properties consistent with the goals and objectives of the Redevelopment Plan, the provision of new, or improvement of existing, community facilities, and improvements to the bay that will enhance the use of the waterfront.*

ESTIMATE OF ANY LEASE, RENTAL OR ANY OTHER REVENUES

No lease, rental or other revenues are received from this Property. Costs of maintaining and repairing the Property are borne by the City of Eureka.

USE/DISPOSITION OF PROPERTY

For the reasons and purposes described below, this LRPMP directs as the ultimate long-term disposition and use of the Property "the use or liquidation of the Property for a project identified in an approved redevelopment plan," so that, upon approval of the LRPMP, "the Property shall transfer to the City" (quoted sections per Health and Safety Code Section 34191.5(c)(2)(A)). The Successor Agency is proposing to transfer the Property to the City for future development consistent with the Redevelopment Plan. The City will dispose of the Property in accordance with the Principles and Guidelines for Development of Properties transferred to the City attached as Appendix A to this LRPMP. Prior to disposition of the Property, the City will enter into a compensation agreement with the taxing entities.

The goals and objectives from the Redevelopment Plan and the Implementation Plan set forth above are relevant to the disposition of the Property. The use of the Property as slated in the

Implementation Plan is for a visitor serving use that promotes access to the waterfront and increases tourism in the area. The use of the Property is limited by the fact that it is within the Coastal Zone and limited to visitor serving coastal development. The most likely use is for a hotel, vacation rentals or visitor serving retail. The Property has been subject to the terms of an ERTN Agreement or Disposition and Development Agreement (DDA) since 1995. However, the DDA was terminated by a subsequent agreement related to preparation of an Environmental Impact Report for a hotel development. The City had invested significant funds in the preparation of an Environmental Impact Report for the development of a hotel on the site. The partially complete EIR could be utilized in the preparation of a CEQA document for future development proposed on the Property. In order to ensure that the Property develops in a manner that is consistent with the goals and objectives of the City and the Successor Agency, it is important that the City retain authority over the disposition of the Property. Upon development of the Property in a manner consistent with the Redevelopment Plan and the Implementation Plan, the Property is expected to generate significant Property tax revenue for the benefit of the taxing entities. The actual amount of property tax revenue will be determined by the development that ultimately occurs. Upon transfer of the Property to the City, the City will cause the Property to be developed in accordance with the principles and guidelines set forth in Appendix A.

PROPERTY #16 - NW CORNER OF 1ST & C STREETS



PARCEL INFORMATION

Map Reference	16
Address	NW Corner of 1 st & C Streets
Assessor's Parcel No.	001-011-021
Current Zoning	CW (Waterfront Commercial) (Coastal)
Lot Size	0.156 acres or 6,008 sq ft
Former RDA Asset Value	\$112,000 (due to soils conditions, the Former RDA had negotiated with the Developer a \$80,000 purchase price to compensate for the additional foundation costs)
Current Use	Vacant

PROPERTY ACQUISITION DATE AND PURPOSE

In 1995, the Former RDA purchased several dilapidated blighted properties along Eureka's historic waterfront. These properties had been stagnant for over 30 years and had become an economic and social drain on the community. Health and safety issues were significant, with high illegal drug activity and fire risks being of major concern. The Former RDA secured these properties, resolved out-standing title issues, prepared the properties for purchase and development, and reserved several parcels for public use as identified in the Waterfront Revitalization Plan.

KNOWN GROUND ISSUES

Soil conditions, will require special and costly foundations, such as driven piles.

ENVIRONMENTAL CONTAMINATION HISTORY

No known studies have been conducted specifically on this Property, but a Phase 1 was completed on the adjacent parcels. In July 1995, Oscar Larson and Associates (OLA) conducted a Preliminary Environmental Site Assessment (ESA) for the properties bounded by Humboldt Bay, First Street, D Street and C Street (AP #'s 001-054-013, 001-053-047, and 001-054-048). The report states:

The purpose of the ESA was to identify conditions or activities (current or historical) on or near the subject site that imply the potential for, presence of, hazardous substance or petroleum product contamination in the subsurface soil or groundwater at the site..."

"Historically the subject parcels were used for warehousing, hotels, saloons and light manufacturing. No evidence was found indicating hazardous materials or petroleum products were stored in the warehouses or that light manufacturing used hazardous substances or petroleum products. The adjoining sites to the east and south were used for similar purposes.

No further investigation was conducted.

HISTORY OF DEVELOPMENT PROPOSALS AND ACTIVITIES

The H.H. Buhne Warehouse was located Property #2 (APN 001-054-047). On February 20, 2007, City staff reported that the selected developer of Property #2 would not be able to incorporate the historic H.H. Buhne Warehouse into his "Seaport Village" development proposal. Subsequently, the Council directed staff to return with a report further clarifying the costs and feasibility of relocation and deconstruction of the Warehouse.

On March 20, 2007, staff returned to the Former RDA/City Council with a report and provided the following cost estimates for relocation and deconstruction of the Warehouse. As a quick comparison, the preliminary costs were as follows:

- Deconstruction, cataloging and storage - \$210,700
- Relocation across "C" Street on a minimal foundation - \$313,500

Former RDA/City Council received the report and provided staff direction to exercise the Request for Proposal (RFP) process regarding the disposition of the H.H. Buhne Warehouse. Staff prepared an RFP to purchase, relocate, preserve and/or develop the historic H.H. Buhne Warehouse. Notifications were sent to interested parties, two ads were placed in the Times Standard and the document was posted on the Former RDA/City website. Three proposals were submitted by the deadline, and Old Town Carriage Company (Marty & Michele L'Herault) was selected to enter into an ERTN with the Former RDA.

The developer proposed to disassemble the warehouse and create an historic replica (using original design elements and building materials wherever possible) to house the Old Town Carriage Company on the Property. It was expected the building and business would be an attraction for visitors and locals alike. The bottom floor was to be the stable and retail space. The upper floor was to be the caretaker quarters.

The Former RDA entered into an ERTN Agreement with Old Town Carriage Company to purchase the site and build a replication of the warehouse. Due to the uncertainty of redevelopment commitments, the Developer sold his horse and carriage business. The new owner has expressed interest in resurrecting the previous plan.

POTENTIAL FOR TRANSIT ORIENTED DEVELOPMENT & MEETING THE PLANNING OBJECTIVES OF THE SUCCESSOR AGENCY

Transit Oriented Development – Due to the small size and irregular shape of the Property, it could not accommodate and is not appropriate for transit oriented development.

Meeting Planning Objectives of the Successor Agency - The site presents an opportunity to meet several of the objectives of the Core Area Development Plan, including the following:

1. *Build Eureka's Core Area into a substantial visitor attraction, to generate and maintain a healthy tourist industry.*
2. *Create a better downtown environment for the enjoyment, convenience and benefit of the people in Eureka and surrounding area.*
3. *Bolster Eureka's position as the commercial hub of its market area.*
4. *Establish Eureka as the cultural and social center of the north coast.*

These original goals and objectives continue today as evidenced in the following relevant sections from the 5-Year Implementation Plan adopted on December 21, 2010:

Goal: *To revitalize Eureka's core area by enhancing the waterfront for both industrial and recreational purposes, facilitating the development and redevelopment of the industrial areas, preserving and strengthening the residential area and commercial areas, and improving public space and facilities.*

Objective: *To revitalize the Eureka waterfront and eliminate blighting influences.*

Policies Supporting Objective:

- *The Agency shall encourage the maintenance of the historic maritime industrial and commercial character of areas of the waterfront while working with owners to rehabilitate exiting structures and construct new ones.*
- *The Agency shall work to support the economic viability of working maritime waterfront uses.*
- *The Agency shall encourage the expansion of waterfront recreation and maritime activities which also serve as tourist attractions.*
- *The Agency shall pursue opportunities to improve the bay, including activities such as dredging and enhancing dock space.*
- *The Agency shall facilitate the improvement of public access to and along the shoreline, including pedestrian and vehicular access to the area along Waterfront Drive.*

- *The Agency shall work to maintain the scenic and visual amenities offered by the waterfront.*
- *The Agency shall facilitate the development and redevelopment of key parcels, considering factors such as project use and aesthetics.*
- *The Agency shall make efforts to attract businesses to the area and support events and festivals which attract resident and tourist visitors.*

Activities/Programs Implementing Goals and Objectives

- *Waterfront Revitalization Activities. The Agency will provide assistance and sponsor activities which will improve, rehabilitate, develop, and redevelop the waterfront. These activities include assistance for rehabilitation of existing waterfront properties, the construction and reconstruction of streets to improve pedestrian and vehicular access, the provision of public improvements to stimulate private investment, assist in the acquisition and assemblage of properties, the disposition of public properties consistent with the goals and objectives of the Redevelopment Plan, the provision of new, or improvement of existing, community facilities, and improvements to the bay that will enhance the use of the waterfront.*

ESTIMATE OF ANY LEASE, RENTAL OR ANY OTHER REVENUES

No lease, rental or other revenues are received from this Property. Costs of maintaining and repairing the Property are borne by the City of Eureka.

USE/DISPOSITION OF PROPERTY

For the reasons and purposes described below, this LRPMP directs as the ultimate long-term disposition and use of the Property "the use or liquidation of the Property for a project identified in an approved redevelopment plan," so that, upon approval of the LRPMP, "the Property shall transfer to the City" (quoted sections per Health and Safety Code Section 34191.5(c)(2)(A)). The Successor Agency is proposing to transfer the property to the City for future development consistent with the Redevelopment Plan. The City will dispose of the Property in accordance with the Principles and Guidelines for Development of Properties transferred to the City attached as Appendix A to this LRPMP. Prior to disposition of the property, the City will enter into a compensation agreement with the taxing entities.

The goals and objectives from the Redevelopment Plan and the Implementation Plan set forth above are relevant to the disposition of the Property. The use of the Property as slated in the Implementation Plan is for a visitor serving use that promotes access to the waterfront and increases tourism in the area. The use of the Property is limited by the fact that it is within the Coastal Zone and limited to visitor serving coastal development. Given the limited site size and awkward shape, the most likely use is as originally planned by the Former RDA pursuant to the ERTN Agreement. In order to ensure that the Property develops in a manner that is consistent with the goals and objectives of the City and the Successor Agency, it is important that the City retain authority over the disposition of the Property. Upon development of the Property in a manner consistent with the Redevelopment Plan and the Implementation Plan, the Property is expected to

contribute to the viability of the Old Town area and increase tourism in the area. Upon transfer of the Property to the City pursuant to this LRPMP, the City will cause the Property to be developed in accordance with the principles and guidelines set forth in Appendix A.

PROPERTY #17 - "C" STREET MARKET SQUARE



Please refer to the attached aerial for a detailed view of the location.



PARCEL INFORMATION

Map Reference	17
Address	Foot of C Street
Assessor's Parcel No.	001-054-048
Current Zoning	CW (Waterfront Commercial) (Coastal)
Lot Size	0.97 acres or 42,389 sq. ft.
Former RDA Asset Value	\$2,753,828
Current Use	Community Waterfront Park ("C" Street Market Square)

PROPERTY ACQUISITION DATE AND PURPOSE

In 1995, the Former RDA purchased several dilapidated blighted properties along Eureka's historic waterfront. These properties had been stagnant for over 30 years and had become an economic and social drain on the community. Health and safety issues were significant, with high illegal drug activity and fire risks being of major concern. The Former RDA secured these properties, resolved out-standing title issues, prepared the properties for purchase and development, and reserved several parcels for public use as identified in the Waterfront Revitalization Plan.

KNOWN GROUND ISSUES

Soil conditions, will require special and costly foundations, such as driven piles.

ENVIRONMENTAL CONTAMINATION HISTORY

No known studies have been conducted specifically on this Property, but a Phase 1 was completed on the adjacent parcels. In July 1995, Oscar Larson and Associates (OLA) conducted a Preliminary Environmental Site Assessment (ESA) for the properties bounded by Humboldt Bay, First Street, D Street and C Street (AP#'s 001-054-013, 001-053-047, and 001-054-048). The report states:

The purpose of the ESA was to identify conditions or activities (current or historical) on or near the subject site that imply the potential for, presence of, hazardous substance or petroleum product contamination in the subsurface soil or groundwater at the site..."

"Historically the subject parcels were used for warehousing, hotels, saloons and light manufacturing. No evidence was found indicating hazardous materials or petroleum products were stored in the warehouses or that light manufacturing used hazardous substances or petroleum products. The adjoining sites to the east and south were used for similar purposes. West and southwest adjoining were occupied by a lumber mill and a coal gas plant, respectively, in the early to mid-1900s.

Research of the recent uses of the site and the site reconnaissance did not reveal conditions that indicate previous or potential onsite sources of hazardous materials and petroleum products. Exterior building shingles, suspected to contain asbestos, were found in the vicinity of a previously burned building.

Based on the results of the Phase 1 Assessment, no further investigation was conducted.

HISTORY OF DEVELOPMENT PROPOSALS AND ACTIVITIES

The Council adopted the "Waterfront Revitalization Plan" that identified the "C" Street Market Square project as a key component to the success of Eureka's waterfront revitalization efforts. The C Street Market Square was completed in 2011 and includes the following three components:

1. Public Parking Lot

This landscaped public parking lot contains 41 spaces, including 2 handicap accessible spaces, immediately south of the Fisherman's Terminal Building. Access to the Terminal Building loading docks is provided through the parking lot to Waterfront Drive.

2. C Street

A 60-foot wide by the 240-foot long portion (14,400 square feet) of "C" Street, (between the Boardwalk and First Street), is incorporated into the "C" Street Plaza. This pedestrian oriented plaza area includes street furniture consistent in number, scale, and style with those on the existing Boardwalk and "F" Street pedestrian plaza. It provides emergency access to the public parking lot and the Market Square, although daily vehicular access is be barred by bollards.

3. Market Square

The Market Square is a plaza area approximately 17,000 square feet in size located at the southeastern corner of "C" Street and the Boardwalk. The square includes public art, and street furniture consistent in number, scale, and style with those on the existing boardwalk and "F" Street pedestrian plaza. The Square also consists of permanent, semi-permanent, and removable facilities for public gatherings including: a ticket booth and/or information kiosk, outdoor dining areas, umbrella stands for market events and an approximately 60-foot by 120-foot removable tent along with imbedded anchoring stanchions and brackets.

The project was funded through a "Tax Allocation Loan Agreement by and between the California Infrastructure and Economic Development Bank (I-Bank) and the Eureka Redevelopment Agency (Effective Date: February 1, 2008). I-Bank provided a \$2 million dollar loan to complete the "...renovation of C Street between 1st Street and the Boardwalk, including the construction of a market square/public plaza, construction of a fisherman's work building and café, and a 41 space off-street parking lot.

The Successor Agency Property provides a public amenity and draws visitors to the Old Town area of Eureka. The "C" Street Market Square is maintained by the City, and use is free of charge.

POTENTIAL FOR TRANSIT ORIENTED DEVELOPMENT & MEETING THE PLANNING OBJECTIVES OF THE SUCCESSOR AGENCY

Transit Oriented Development - The Property is fully developed and is not available for transit Oriented development.

Meeting Planning Objectives of the Successor Agency - The site meets several of the objectives of the Core Area Development Plan, including the following:

1. *Build Eureka's Core Area into a substantial visitor attraction, to generate and maintain a healthy tourist industry.*
2. *Create a better downtown environment for the enjoyment, convenience and benefit of the people in Eureka and surrounding area.*
3. *Bolster Eureka's position as the commercial hub of its market area.*
4. *Establish Eureka as the cultural and social center of the north coast.*

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ESTIMATE OF ANY LEASE, RENTAL OR ANY OTHER REVENUES

No lease, rental or other revenues are received from this Property. Costs of maintaining and repairing the Property are borne by the City of Eureka.

USE/DISPOSITION OF PROPERTY

The Successor Agency is recommending transfer of the Property to the City as a governmental use Property for retention as a public waterfront park. Pursuant to Health and Safety Code Section 34181(a), the Oversight Board may direct the transfer of property that was constructed and used for a governmental purpose to the appropriate public jurisdiction. Examples of governmental purposes include parks. The City, as the entity that maintains and repairs the Plaza, is the appropriate public agency to receive the Property.

APPENDIX A

Principles and Guidelines for Development of Properties Transferred to the City for development consistent with the Redevelopment Plan.

The LRPMP calls for transfer of Properties #1, #2, #15, and 16 to the City pursuant to Health and Safety Code Section 34191.5 (c)(2)(A) for use or liquidation for a project identified in an approved redevelopment plan. Upon transfer pursuant to this LRPMP and the Redevelopment Dissolution Statutes, the City will cause these Properties to be developed in accordance with the following principles and guidelines:

1. **Qualified Real Estate Developer.** Each Property will be disposed of to a qualified real estate developer (the "Developer") with the experience and financial capability to timely acquire and develop the Property in accordance with an approved Disposition and Development Agreement (the "DDA," as further described below). The Developer will be selected through an appropriate selection process involving solicitation of interested prospective developers through a Request for Qualifications (RFQ), Request for Proposals (RFP), qualified bid or similar selection process.
2. **Disposition and Development Agreement (DDA).** Each Property will be disposed of and developed pursuant to an approved DDA. The purchase price or lease payments to be paid by the Developer of each Property under the DDA will equal not less than either the fair market value of the Property at its highest and best use in accordance with the Redevelopment Plan or the fair reuse value of the Property at the use and with the covenants and conditions and the development costs authorized pursuant to the DDA, as determined by formal action of the City Council.⁷ Among other provisions, each DDA will require the Developer to:
 - (a) Meet specified pre-disposition conditions demonstrating its readiness and ability to commence construction;
 - (b) Develop the Property in accordance with the General Plan, the Redevelopment Plan, the Implementation Plan and the specific land use entitlements granted by the City; and
 - (c) Commence and complete construction of the approved development within specified deadlines.
3. **Legislative Body Approval.** The Developer and the DDA for each Property will be subject to approval by the City Council at a public meeting duly noticed in accordance with the notice procedures described in Health and Safety Code Section 33433(a).
4. **Not Surplus Property.** Because the City is obligated to dispose of the Properties in accordance with this LRPMP and to satisfy goals, objectives and purposes of the General Plan, the Redevelopment Plan, and the Redevelopment Dissolution Statutes, the Properties are not "surplus" property of the City and are not subject to the disposition requirements and procedures of the Surplus Lands Act (Government Code Section 54220 *et seq.*). Instead,

⁷ These disposition price standards are comparable to the disposition price standards set forth in Health and Safety Code Section 33433 that applied to properties acquired by the Former RDA with tax increment revenues.

disposition of the Properties in accordance with this LRPMP and to satisfy goals, objectives and purposes of the General Plan, the Redevelopment Plan, and the Redevelopment Dissolution Statutes constitutes a "common benefit" that may take place under authority of Government Code Section 37350 and/or other disposition authority deemed appropriate by the City. The provisions of the California Environmental Quality Act and Government Code Section 65402(a) regarding General Plan conformance will apply to the disposition of each Property pursuant to the DDA.

5. **Separately Accounting of Sales Proceeds for Further Implementation.** Any net sales or lease proceeds received by the City from the disposition of each Property will be separately accounted for and used by the City to pay first its costs associated with the disposition of the Property and then to further the goals and objectives of the Redevelopment Plan.

APPENDIX B

FINDING OF COMPLETION



DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. ■ GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

April 12, 2013

Ms. Cindy Trobitz-Thomas
Director of Economic Development and Housing
City of Eureka
531 K Street
Eureka, CA 95501

Dear Ms. Trobitz-Thomas:

Subject: Request for a Finding of Completion

The California Department of Finance (Finance) received the City of Eureka's request for a Finding of Completion.

Finance has completed its review of your request, which may have included reviewing supporting documentation submitted to substantiate payment or obtaining confirmation from the county auditor-controller. Pursuant to Health and Safety Code (HSC) section 34179.7, we are pleased to inform you that Finance concurs that the Agency has made full payment of the amounts determined under HSC section 34179.6, subdivisions (d) or (e) and HSC section 34183.5.

This letter serves as notification that a Finding of Completion has been granted. The Agency may now do the following:

- Place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes per HSC section 34191.4 (b) (1). Loan repayments will be governed by criteria in HSC section 34191.4 (a) (2).
- Utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants per HSC section 34191.4 (c).

Additionally, the Agency is required to submit a Long-Range Property Management Plan to Finance for review and approval, per HSC section 34191.5 (b), within six months from the date of this letter.

Please direct inquiries to Andrea Scharffer, Staff Finance Budget Analyst, or Chris Hill, Principal Program Budget Analyst, at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Wendy Howard, Accounting Supervisor, City of Eureka
Mr. Joe Mellett, Auditor-Controller, County of Humboldt
California State Controller's Office

APPENDIX C

Vicinity Map Index & Summary of Recommendations

Map Ref	Assessor Parcel Number	Address	Estimated Current Value	Recommended Disposition
1	002-241-013, 002-241-007	1535 Waterfront Drive	\$4,987,030	Transfer to the City for a project identified in the Redevelopment Plan
2	001-054-047, 001-054-013	NE Corner of 1 st & C Streets	\$500,000	Transfer to the City for a project identified in the Redevelopment Plan
3	001-261-020, 001-261-022	Between 7th & 8th Streets on Myrtle Ave.	Properties removed from the Long Range Property Management Plan at the request of the State Department of Finance. Property is considered a housing asset and will be transferred in a separate Oversight Board action to the Housing Successor Agency.	
4	002-114-002	1808 6th Street		
5	003-062-021	Waterfront Drive, W of Dock B	Property removed from the Long Range Property Management Plan at the request of the State Department of Finance.	
6	001-212-012	1401 3 rd Street	\$100,000	Transfer to City and Retain
7	001-161-008, 001-161-009, 001-214-002	E Foot of L Street, E Foot of K Street, N Side of 2 nd Street between K & L Streets	\$116,000	Transfer to City and Retain
8	001-052-011	315 W 2 nd Street	\$1,830	Transfer to City and Retain
9	001-096-003	302 E Street	\$80,000	Transfer to City and Retain
10	001-092-010, 001-092-014	NE Corner of 3 rd & E Streets	\$1,430	Transfer to City and Retain
11	001-142-007	SE Corner of 4 th & G Streets	\$185,000	Transfer to City and Retain
12	001-013-004	SW Corner of 1 st & C Streets	\$103,950	Transfer to City and Retain
13	003-141-004	14 th & Koster Streets	\$33,000	Transfer to City and Retain
14	001-011-026	N of 1 st Street, W of C Street	\$2,327,974	Transfer to City and Retain
15	001-054-045	NW Corner of 1 st & D Streets	\$450,000	Transfer to the City for a project identified in the Redevelopment Plan
16	001-011-021	NW Corner of 1 st & C Streets	\$112,000	Transfer to the City for a project identified in the Redevelopment Plan
17	001-054-048	Foot of C Street	\$2,753,828	Transfer to City and Retain