

County of Santa Clara Office of the County Executive




BH06 061609

Prepared by: Sally Logothetti
Administrative Services Manager

DATE: June 16, 2009

TO: Board of Supervisors

FROM: 
Gary A. Graves
Acting County Executive

SUBJECT: Amended Recommendation Relating to the FY 2010 Budget for the Office of the County Executive,
Office of Asset and Development

RECOMMENDED ACTION

Consider recommendations to revise the FY 2010 Recommended Budget for the Office of the County Executive, Office of Asset and Economic Development.

Possible action:

- a. Reduce \$325,000 one-time General Fund allocation originally proposed in the FY 2010 Recommended Budget to \$175,000.
- b. Increase one-time General Fund allocation for the State Budget Reserve by \$150,000.

FISCAL IMPLICATIONS

This action will increase one-time funds available for mitigating the impacts of the State budget by \$150,000.

REASONS FOR RECOMMENDATION

Inventory Item 8 recommends reallocating the \$325,000 in one-time funds for the Office of Asset and Economic Development (AED), as displayed in the FY 2010 Recommended Budget, to the State Budget Reserve.

Administration concurs with the intent of mitigating pending impacts of State budget actions through increasing the County's reserve. However, reallocation of the entire \$325,000 to the State Budget Reserve would leave the AED without any unencumbered operating funds in the coming year. Although the withdrawal of Catellus caused cessation of current activity at the Fairgrounds, AED has other existing projects for which there will be a continued need for spending authority. In addition, there is potential for new projects for which the unit would incur expenses, including support of the ad hoc committee led by Supervisor Shirakawa that will undertake future planning for the Fairgrounds property.

Based on additional evaluation of the proposed AED budget, Administration recommends reducing the AED funding for FY 2010 to \$175,000. This proposal reflects an expected reduction in the use of outside legal counsel, appraisals, and civil engineering services. In comparison to actual expenditures to date in FY 2009 of approximately \$462,000, it will leave a modest amount of operating funds available, while freeing \$150,000 for reallocation to the State Budget Reserve.

One-time funds have been utilized for the past several years to provide an operating budget for this unit, which is similar to a capital projects unit in terms of fluctuation in projects. These funds are primarily used to provide technical, project-oriented services. Some examples include:

- Hydraulic engineering services for dealerships that are building car sales facilities on the Elmwood commercial property, which is in a floodplain;
- Test sampling, analysis, and reports regarding soil contamination and possible presence of TCE in the water table of the Vector Control property in Mountain View;
- Structural engineering review of calculations, drawings, specifications, and geo tech information related to construction of the new garage adjacent to the Fair Oaks Clinic;
- Appraisals related to valuation of various properties for sale or lease;
- Architectural evaluation of buildings on various properties relating to prospective sale or lease of surplus property.

BACKGROUND

The following provides additional information on some of the current AED projects:

Richey Army Reserve site: The U.S. Army owns the 8-acre PVT George L. Richey U.S. Army Reserve Center at the corner of Hedding and San Pedro Streets in the CivicCenter area. Pursuant to the Base Realignment and Closure Act (BRAC), the Reserve was declared surplus and the County recognized by the Department of Defense as the Local Redevelopment Authority (LRA), with responsibility for planning its redevelopment and use. Under the community process required by law, the LRA is responsible for public noticing, outreach to public and private entities, solicitation of interest, response evaluation, and preparation and submittal of a redevelopment plan. The redevelopment process

began in January 2007, and will be concluded this calendar year. Preparation of the Richey Redevelopment Plan will require architectural, environmental, and engineering services.

Elmwood Commercial Development: The Elmwood Commercial project consists of approximately 21.2 acres which have been split into three parcels. Two of the parcels are leased to auto dealerships, Piercey Toyota and South Bay Honda, which generate approximately \$1.1 million in annual lease revenues. AED staff is currently evaluating strategies to successfully lease and develop the remaining available parcel.

Fair Oaks Clinic Parking Garage: In June 2008, the County entered into a ground lease agreement with the City of Sunnyvale for the City's development of a senior affordable housing project and parking garage adjacent to the County Fair Oaks Clinic. AED oversight is required to ensure that structural engineering and architectural finishes meet the County's requirements.

Sale of the former Vector Control property: Sale of the 6.69 acre Vector Control site to the City of Mountain View is pending as the completion of environmental remediation activities specified in the Agreement of Purchase and Sale (PSA) is completed. The County has completed all soil testing and removal, and has worked collaboratively with the State Department of Toxic Control Substances (DTSC) regarding reporting of TCE contaminated water beneath the site. DTSC was ceded environmental jurisdiction over the Vector Control property by the U.S. EPA, which continues to assert oversight authority regarding testing and remediation. Many soil samples taken on the site indicate it is not a source of TCE contamination. DTSC issued its "no further action" letter in May, 2009, and the sale of the property should be completed by July 2009.

Sale of the Knowles Avenue property: AED has started its pre-disposition process, which includes environmental review, site analysis, and conceptual site planning and coordination with the Town of Los Gatos Planning Department. Sale, or other disposition of the property, will occur after a final agreement is made with the State regarding a pro rata share of the sale proceeds to be paid through the Courts Transfer Program.