

OVERSIGHT BOARD RESOLUTION NUMBER OB-2017-12

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE CITY OF SAN DIEGO REDEVELOPMENT SUCCESSOR AGENCY APPROVING THE PROFESSIONAL SERVICES AGREEMENT WITH O'CONNOR CONSTRUCTION MANAGEMENT, INC. FOR COST ESTIMATION SERVICES ON THE RENOVATION PROJECT FOR THE PERFORMANCE STAGES AND DRESSING AREAS AT THE LYCEUM THEATRE IN THE HORTON PLAZA REDEVELOPMENT PROJECT AREA.

WHEREAS, the former Redevelopment Agency of the City of San Diego (Former RDA) administered the implementation of various redevelopment projects, programs, and activities within designated redevelopment project areas throughout the City of San Diego (City); and

WHEREAS, in accordance with Assembly Bill x1 26 (AB 26) enacted on June 28, 2011, the Former RDA dissolved as of February 1, 2012, at which time the City of San Diego, solely in its capacity as the designated successor agency to the Former RDA (Successor Agency), assumed the Former RDA's assets and obligations; and

WHEREAS, the Successor Agency is required to administer the winding down of the Former RDA's operations and to ensure compliance with the Former RDA's obligations in accordance with AB 26, as subsequently amended (collectively, the Dissolution Laws); and

WHEREAS, the Dissolution Laws specify that the Oversight Board and the California Department of Finance (DOF) must review and approve certain actions and decisions of the Successor Agency, including the Successor Agency's approval of each Recognized Obligation Payment Schedule (ROPS); and

WHEREAS, among other things, each ROPS shows the estimated payments owed by the Successor Agency to third parties for enforceable obligations during the upcoming fiscal period and identifies the funding sources that will be used to make such payments; and

WHEREAS, California Health and Safety Code (Code) section 34177.3(a) states that successor agencies “shall lack the authority to, and shall not, create new enforceable obligations or begin redevelopment work, except in compliance with an enforceable obligation . . . that existed prior to June 28, 2011”; and

WHEREAS, Code section 34177.3(b) permits successor agencies to “create enforceable obligations to conduct the work of winding down the redevelopment agency, including hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance”; and

WHEREAS, Code section 34171(d)(1)(E) defines “enforceable obligation” to include “any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy”; and

WHEREAS, Code section 34171(d)(1)(F)(i) further defines “enforceable obligation” to include “[c]ontracts or agreements for the administration or operation of the successor agency, in accordance with this part”; and

WHEREAS, Code section 34177(a) requires the Successor Agency to continue to make payments due for enforceable obligations, and Code section 34177(c) requires the Successor Agency to perform obligations required pursuant to any enforceable obligation; and

WHEREAS, the DOF issued a letter dated November 8, 2013 (November 2013 Letter) that effectively requires the Oversight Board and the DOF to approve all post-AB 26 services contracts, management contracts and similar contracts, and post-AB 26 amendments to existing contracts of that nature, that will involve the Successor Agency’s expenditure of funds in the ROPS 13-14B time period and beyond; and

WHEREAS, the DOF also issued a letter dated April 1, 2014 (April 2014 Letter), interpreting the Dissolution Laws to mean the Oversight Board must find that any post-AB 26 contract amendment for the provision of services is in the best interests of the local taxing entities in accordance with Code section 34181(e) or that the contract amendment, including any increase in compensation or scope of services, is necessary for the administration or operation of the Successor Agency in accordance with Code section 34171(d)(1)(F)(i); and

WHEREAS, to comply with the November 2013 Letter and the April 2014 Letter, the Successor Agency is now presenting, for approval by the Oversight Board and the DOF, the Professional Services Agreement (Consultant Agreement) with O'Connor Construction Management, Inc. (Consultant), which involves the expenditure of up to \$18,910 in ROPS approved funds for cost estimation services related to a project at the Lyceum Theatre to renovate the performance stages and dressing rooms (Project) pursuant to the 1986 Master Sublease Agreement (Sublease Agreement) between the Former RDA and the Horton Plaza Theatres Foundation (HPTF); and

WHEREAS, among other things, the Sublease Agreement requires HPTF to operate and manage the Lyceum Theatre, and requires the Successor Agency to replace fixtures and equipment at the Lyceum Theatre that were originally installed by the Former RDA and are in need of replacement from time to time due to ordinary wear and tear or obsolescence; and

WHEREAS, under the Successor Agency's approved Long-Range Property Management Plan, the Lyceum Theatre is identified as a "Fulfill Enforceable Obligation" site, and as a result, the Successor Agency will continue to own the long-term leasehold interest in the Lyceum Theatre through a lease term expiring in mid-2035 and is required during the lease term to fulfill its contractual obligations under the Sublease Agreement; and

WHEREAS, a copy of the Consultant Agreement is included as Attachment A to the staff report accompanying this Resolution (Staff Report); and

WHEREAS, a list of the necessary replacements and related renovation work for which the Consultant will provide a cost estimate is included as Attachment B to the Staff Report; and

WHEREAS, a copy of HPTF's demand letter for the Successor Agency's completion of necessary replacements and related renovation work at the Lyceum Theatre is included as Attachment C to the Staff Report; and

WHEREAS, the Consultant Agreement will benefit the local taxing entities and will be in their best interests, in that it will permit the Successor Agency to carry out its contractual obligation under the Sublease Agreement, a pre-AB 26 contract, to replace certain fixtures and equipment at the Lyceum Theatre and will avoid the Successor Agency's breach of its contractual obligation; and

WHEREAS, the Consultant Agreement is necessary for the operation or administration of the Successor Agency because it will permit the Successor Agency to fulfill its contractual obligation under the Sublease Agreement to complete the replacement of fixtures and equipment at the performance stages and dressing rooms of the Lyceum Theatre; and

WHEREAS, the Successor Agency, or Civic San Diego as the contracting agent on its behalf, will pay for the services performed under the Consultant Agreement utilizing the funding sources shown in line item 205 of the ROPS.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board as follows:

1. The Board finds, in accordance with Code section 34181(e), that the Consultant

Agreement is in the best interests of the local taxing entities.

2. The Board finds, in accordance with Code section 34171(d)(1)(F)(i), that the provision of services under the Consultant Agreement, including the compensation amount of

\$18,910, is necessary for the administration or operation of the Successor Agency.

3. The Consultant Agreement is approved.

PASSED AND ADOPTED by the Oversight Board at a duly noticed meeting of the Oversight Board held on October 16, 2017.



Chair, Oversight Board