

**Scotts Valley Redevelopment Agency
INTEROFFICE MEMORANDUM**

DATE: May 4, 2011
TO: Chairperson Bustichi and Board Members
FROM: Kirsten Powell, Agency Counsel
SUBJECT: THIRD AMENDMENT TO THE AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF SCOTTS VALLEY AND THE REDEVELOPMENT AGENCY OF THE COUNTY OF SANTA CRUZ

SUMMARY OF ISSUE:

In 1990, the Redevelopment Agency of the City of Scotts Valley (the "Agency"), the Santa Cruz County Redevelopment Agency (the "RDA"), the City of Scotts Valley (the "City"), and the County of Santa Cruz (the "County") entered into an agreement dated November 14, 1990 (the "Agreement") outlining certain commitments of the Agency and the City in exchanges for the County's support of the formation of the Agency (the "Pass Through Agreement"). The parties entered into a First Amendment to the Pass Through Agreement in or about September of 1996 which changed the Agency's obligation to construct a library. Under the First Amendment, the Agency was required to construct or acquire a 12,500 square foot library. The parties entered into a Second Amendment to the Agreement in or about August of 2009 (the "Amended Agreement").

The Agency will complete the construction of the new library in accordance with the requirements of the First Amendment and the Amended Agreement in mid-May. The Agency is leasing the library to the Santa Cruz County Library Joint Powers Authority ("JPA") as the County's designee for \$1.00 per year. The term of the lease is 30 years with two (2) 10-year options. The Agency, the City, the RDA and the County desire to enter into a Third Amendment to the Pass Through Agreement to reflect the status of the library and the on-going obligations of the parties.

Under the Third Amendment, the County and RDA acknowledge that if the library building is destroyed and the City or Agency is unable to finance the construction of a replacement library or similar size and quality, the City and Agency obligation under the First Amendment to build a library will terminate. In the event the Library JPA terminates in 2017 or the County leaves the JPA, the City or Agency will lease the library building to the County to be operated as a Tier II Public Library. In the event redevelopment agencies are eliminated by the State of California, the parties agree that the City and the County will assume the rights and obligations of the Pass Through Agreements relative to the library.

FISCAL IMPACT:

None.

STAFF RECOMMENDATION:

Authorize the City Manager and the Chairperson of the Agency to execute the Third Amendment to the Pass Through Agreement.

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**Third Amendment to the Agreement Between the
Redevelopment Agency of the City of Scotts Valley and the
Redevelopment Agency of the County of Santa Cruz
Pursuant to Community Redevelopment Law and Health &
Safety Code Section 33000, et seq. and the City of Scotts
Valley and the County of Santa Cruz**

Whereas, the Redevelopment Agency of the City of Scotts Valley (the "Agency"), the Santa Cruz County Redevelopment Agency (the "RDA"), the City of Scotts Valley (the "City"), and the County of Santa Cruz (the "County") entered into an agreement dated November 14, 1990 (the "Agreement");

Whereas, the parties entered into a First Amendment to the Agreement in or about September of 1996;

Whereas, the parties entered into a Second Amendment to the Agreement in or about August of 2009 (the Agreement and the First and Second Amendments referred to collectively as the "Amended Agreement");

Whereas, the parties now desire to amend the Amended Agreement for the third time in order to reflect certain changed conditions among the parties;

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and promises contained herein, the parties agree as follows:

Library Construction

The Agency will complete construction of the library in accordance with the Amended Agreement. The library is scheduled to open on June 18, 2011. The library site and the building will be leased to the County or the County's designee for one dollar (\$1.00) per year so long as it is used as a Tier II (or its equivalent) public library. The County hereby designates the Library JPA as its designee pursuant to the Amended Agreement. In a separate agreement, the Agency and the Library JPA will enter into a lease agreement for the library site and building for a thirty (30) year term with two (2) ten (10) year options to extend.

The Agency and the City agree that they have an ongoing interest in providing a public library in the City of Scotts Valley. However, in the event that the new library is destroyed prior to the end of the lease term and the City is unable to finance the construction of a replacement library of similar size and quality, the Agency/City obligation pursuant to the Amended Agreement to continue leasing a public library to the County or its designee in the City of Scotts Valley shall terminate.

Library JPA

In the event the Library JPA terminates at the end of the current term (2017) or the County terminates its membership in the JPA, the parties agree that the County shall be substituted as the tenant in the library site and building lease for so long as the County operates a Tier II public library (or its equivalent), and all other provisions of the library site and building lease shall remain the same.

Redevelopment Agencies as Parties

In the event that the City and County Redevelopment Agencies cease to exist, the City shall assume all the rights and obligations of the Agency regarding the library pursuant to the Amended Agreement and library site and building lease and the County shall assume all the rights and obligations of the RDA pursuant to the Amended Agreement.

Incorporation of Other Provisions of Amended Agreement

With the exception of the foregoing, all other provisions of the Amended Agreement shall remain in full force and effect, and are expressly incorporated into the terms and conditions of this Third Amendment including all attachments.

WITNESS THE EXECUTION HEREOF on the dates here written below.

**THE REDEVELOPMENT AGENCY OF THE
CITY OF SCOTTS VALLEY**

By: Dene Bustichi, Chairperson
Date: _____

Kirsten Powell, RDA Attorney

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THE CITY OF SCOTTS VALLEY

By: Stephen H. Ando, City Manager
Date: _____

Kirsten Powell, City Attorney

**REDEVELOPMENT AGENCY OF THE
COUNTY OF SANTA CRUZ**

By: Susan A. Mauriello, Executive Director
Date: _____

Dana McRae, Attorney for the RDA

COUNTY OF SANTA CRUZ

By: Susan A. Mauriello
County Administrative Officer
Date: _____

Dana McRae, County Counsel