



COUNTY OF HUMBOLDT

For the meeting of: 8/13/2024

File #: 24-1168

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Time Certain Matter

Vote Requirement: Majority

SUBJECT:

11:30 am (or after request) City of Arcata Compensation Agreement for the Disposal of the Little Lake and Happy Valley Properties

RECOMMENDATION(S):

That the Board of Supervisors:

1. Receive a presentation from the City of Arcata on the proposed compensation agreement;
2. Approve the compensation agreement terms sheet with the City of Arcata for the disposal of the Little Lake and Happy Valley properties for the County of Humboldt and County Library Share; and
3. Authorize the County Administrative Officer, or a designee thereof, to draft the compensation agreement based on the attached terms sheet and execute the compensation agreement, upon approval by County Counsel and Risk Management.

STRATEGIC PLAN:

This action supports the following areas of your Board's Strategic Plan.

Area of Focus: A Diverse, Equitable & Robust Economy

Strategic Plan Category: 2001 - Promote strong economic resiliency and growth

DISCUSSION:

The City of Arcata is seeking to create a compensation agreement with Humboldt County to dispose of two properties-- Little Lake and Happy Valley, previously owned by Arcata's Redevelopment Agency.

For decades, Arcata's Redevelopment Agency used property taxes to redevelop vacant land to allow businesses and housing to be built with the goal of increasing base property tax values and adding back dollars to the property tax roll. Redevelopment Agencies were dissolved by the State in 2012, and as the "Successor Agency" the city went through the dissolution process. To determine what would happen to Little Lake and Happy Valley, the city developed a "Long Range Property Management Plan," which was approved by the State Department of Finance. The Long-Range Management Plan states that the taxing entities (local agencies which receive a share of property taxes) will receive a share (proportional to the share of property taxes) of the "agreed upon value" of the properties.

The city has a proposal for Little Lake and Happy Valley, detailed in Terms Sheet (Attachment 1), which staff believe will result in higher property tax revenue for taxing entities and economic development for the area. The city proposes that the taxing entities agree to a total property value of \$762,000. Each taxing entity will receive 33% of that value as a cash lump sum; the remaining 67% will be invested in the properties' redevelopment. Happy Valley, currently a log deck, would be subdivided and developed to become a business park. Little Lake, currently a contaminated vacant site by the marsh, would become a mixed-use site with a park, commercial site, and berm for a trail and sea level rise protection. Demand for the business park is anticipated based on rezoning of

the Gateway Area and subsequent relocation of businesses. The city will work to market the properties to local businesses looking to grow and invest in Arcata. For most of the taxing entities, as these properties sell and business grows, the increased tax revenue from higher value properties will recoup the taxing entities' investment over time.

The city has shared its proposal with all of the taxing entities, and it has been positively received. The Arcata Fire District, North Humboldt Rec & Park District, Harbor District, Humboldt County Office of Education, Pacific Union School, and the College of the Redwoods have agreed to the proposed terms.

SOURCE OF FUNDING:

Property Taxes

FINANCIAL IMPACT:

Compensation Agreement	Immediate Payout (33%)	Reinvestment (67%)
General Fund (1100)	<u>\$42,904</u>	<u>\$87,237</u>
Library Fund (1500)	<u>\$4,583</u>	<u>\$9,318</u>
Total	<u>\$47,487</u>	<u>\$96,555</u>

**Projected amounts are estimates and are subject to change.*

Narrative Explanation of Financial Impact:

Based on the agreed upon property value of \$562,000 for Happy Valley and \$200,000 for Little Lake, 33% will be distributed in a lump sum cash payout of which \$42,904 is applicable to the county and \$4,583 is applicable to the Library. The remaining 67% will be invested in the redevelopment of the properties.

STAFFING IMPACT:

Narrative Explanation of Staffing Impact:

There is no staffing impact to approving the compensation agreement terms sheet.

OTHER AGENCY INVOLVEMENT:

City of Arcata, Humboldt County Office of Education

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board may choose to not approve the terms as provided in the term sheet.

ATTACHMENTS:

1. Compensation Agreement Terms Sheet 3.11.24
2. Map marking Happy Valley and Little Lake properties

PREVIOUS ACTION/REFERRAL:

Meeting of: N/A

File No.: N/A