



**REPORT TO REDEVELOPMENT
AGENCY BOARD**

AGENDA ITEM

TO: REDEVELOPMENT AGENCY BOARD

DATE: December 15, 2009

SUBJECT: Redevelopment Implementation Plan 2010-2014

Report in Brief

Woodland's Redevelopment Implementation Plan for 2004-2009 will expire at the end of this year and a new Five Year Plan must be prepared. A Council-appointed advisory committee has been working with staff to develop an updated Implementation Plan for 2010-2014 along with an investment strategy for the expenditure of redevelopment funds. The committee's work is incorporated in the draft Redevelopment Implementation Plan substantially in the form on file with the Agency Clerk and included as Attachment A. Overall, the priorities of the plan are to focus on downtown in order to foster entertainment-related development in the central core and increase the number of residential units downtown. A summary "roadmap" of the plan is shown in Attachment B.

This report requests that the Board approve a resolution to adopt the Implementation Plan and authorize staff to take the next steps recommended by the committee, such as actions to facilitate development of high priority projects as described herein.

Staff recommends that the Agency Board adopt Redevelopment Agency Resolution No. _____ authorizing execution of the Redevelopment Agency Implementation Plan, 2010-2014.

Background

The Implementation Plan is a guide that incorporates an Agency's goals, objectives, and potential programs over a five-year period, while providing flexibility so the Agency may adjust to changing circumstances and new opportunities. Under Health and Safety Code 33490, redevelopment agencies are required to prepare implementation plans every five years. The implementation plan must contain specific goals and objectives of the Agency, programs and projects proposed to be carried out by the Agency for the Redevelopment Project Area, as well as an explanation of how these will eliminate blight.

There must also be an explanation of how the Agency will implement the low and moderate income housing requirements required under California Redevelopment Law. The housing section of the plan must contain the amount of funds presently available, estimates of amounts that will be

deposited in the Housing Fund in the next five years and state the number of units to be assisted. In this way, the Implementation Plan provides a mechanism for the Agency to monitor its progress in meeting its affordable housing obligations as required by California Redevelopment Law.

In order for the Agency Board and the community to fully support the actions presented herein, it is critical to confirm the common understanding associated with the benefits of redevelopment. The balance of the Background section is intended to confirm this understanding.

Redevelopment is one of the primary tools used by local governments to stimulate economic development and revitalization of a community. It is a way to publicly invest and develop in blighted, older and/or economically stagnant areas. It is particularly needed in older areas where disinvestment has occurred and deterioration is underway. Redevelopment is the best tool available for cities to generate private sector activity by investing public funds to buy land, assemble large parcels, prepare land for development, provide necessary and supportive infrastructure, borrow funds and lend funds.

Because Woodland has one of the smallest redevelopment agencies in the state (in terms of amount of tax increment collected), it may not be evident that redevelopment is a strong economic stimulus tool. The impact of redevelopment is demonstrated in recent studies by the League of California Cities and California Redevelopment Association. These studies show that redevelopment on an annual basis statewide generates:

- \$31.84 billion in economic activity—this includes construction activities as well as the indirect and induced effects that redevelopment activities have on affected industry sectors
- 310,000 good-paying, non-construction jobs
- An increase in State income by \$16.56 billion
- An increase of \$1.58 billion in tax revenues for state and local governments
- Nearly \$14 in in-state sales of goods and services for every one dollar of redevelopment Agency spending
- More than a \$7 increase in state income for every dollar of redevelopment spending

Projects on the local level will have those same impacts. If the Woodland Redevelopment Agency were to undertake major redevelopment projects, it would see an increase in jobs, income and local taxes. Since redevelopment becomes involved when the private sector cannot act on its own, this new activity and new economic development would not have happened without redevelopment. Projects such as a theater or mixed residential/retail project will have those impacts.

Woodland can be proud of the redevelopment projects and activities it has undertaken thus far with its limited revenue. Some of these projects and activities are listed in Attachment C.

Discussion

In July 2009, the Agency Board acted to establish a working advisory committee to assist staff in determining the goals of the implementation plan for 2010-2014 and preparing an investment strategy for use of redevelopment funds.

Overall, the committee has concluded that the goals set forth in the previous Implementation Plan and other City planning documents should be reinforced especially for downtown. Staff believes that downtown Woodland is working to re-create itself from a local retail-serving shopping center into a destination location. The establishment of businesses such as Tazzina's Bistro, Capital Hotel and Saloon and Sweet Potato Pie are examples of entrepreneurial efforts that lure people into the area where they shop and spend time.

Downtown faces difficulties however. Staff estimates that the current vacancy rate in the downtown commercial spaces is 25% - 30% and this range does not count second floor space or underutilized spaces rented to low paying tenants just to provide some level of return to the property owners. The high vacancy rate is just another indication that downtown needs the Agency's assistance as it tries to re-invent itself as a destination for lively entertainment, dining establishments and specialty retail shops. The Redevelopment Implementation Plan endorses this overall vision and the advisory committee stated that the primary redevelopment investment strategies to reach this goal should be to:

1. Increase the number of residential units downtown. More residents strengthen the customer base, enhance public safety by providing more "eyes on the street" and increase evening patronage for the business establishments.
2. Develop a multiplex theater and other entertainment venues.
3. Develop underutilized or vacant sites and restore historic structures.

To implement those strategies, the committee recommends that the Plan identify two specific projects for special attention. These projects include the new mixed-use residential/commercial project known as City Center Lofts and a new modern multiplex theater. The projects have consistently been among the City and Redevelopment Agency's priorities for some time.

City Center Lofts Project

Staff has been working with on the City Center Lofts project with the original developers and now with the succeeding owners and developers. In response to the current recessionary economy, the financing structure of the project has changed significantly and it is not yet clear what role the Agency may need to play, if any, in making this a financially feasible project. One avenue that has been suggested is to abandon the costly underground construction of a parking structure and look at the feasibility of placing the necessary parking above ground. The advisory committee recommended that staff explore this option and re-evaluate the entire financial structure of the project. Once revisions to the original project design and financial impacts are identified, staff will return to the Board with further recommendations.

Multiplex Theater

The other priority project is to assist in the development of a modern multiplex theater. The benefits of a theater are innumerable. Communities such as Livermore, Alameda, Redwood City, Lodi, and Petaluma have experienced resurgence in their older downtowns after movie theaters were opened. According to the Downtown Idea Exchange, movie theaters are similar to an anchor in a shopping mall. They act as a magnet for other businesses, such as restaurants, and bring in new development.

Based on studies of similarly sized theaters, a 12-screen theater will sell approximately 320,000 movie tickets per year representing \$3.3 million in new revenues. This means this theater could generate an additional \$9 million dollars annually for Woodland's downtown business district because theatergoers tend to spend on average about \$3 at surrounding businesses for every \$1 spent at the theater. In addition, having a modern theater in Woodland will help stop the "leakage" of entertainment dollars to the nearby communities of Davis, West Sacramento, and North Natomas.

The theater project was evaluated by the Woodland Redevelopment Advisory Committee as the single most important action to take in revitalizing downtown. It has been discussed for years in Woodland; however, the private sector acting alone cannot make it happen. The Agency can make this venture successful although there are many complications to be worked through including sensitively handling the historic State Theater operation and/or the relocation of the Hoblit Chrysler dealership.

The committee recommended issuing a Request for Proposals (RFP) to see which if any private developer would come forward with a project proposal and determine which proposal would be most advantageous to the City. There are good reasons to pursue this RFP approach:

1. It motivates the developers to provide precise information we need in order to evaluate the strength of each proposal
2. It helps elected officials understand the financial feasibility of the project and whether or not a public subsidy is needed
3. It increases the likelihood of obtaining a high quality design and one that meets community expectations.
4. It makes the developers look at the site more thoroughly and identify constraints more accurately, and most importantly,
5. It demonstrates which developer can most quickly build the project and with the least amount of subsidy.

However, if a developer comes forward with a substantially strong project and demonstrates the capability to develop it, it may be sufficient to initiate negotiations with that sole developer without an RFP. Such a method might be recommended if the developer has met certain thresholds that demonstrate the strength of the project such as site control, a signed lease with a theater operator, a demonstrated track record in developing other projects, and evidence of financing commitments. If the sole source process is managed appropriately, the advantages of an RFP process listed above can be incorporated in the Development Agreement.

Underutilized/Vacant sites

The committee also recommended that the Agency invest funds in preparing underutilized or vacant sites for development. Some of the sites considered are the Sutter/Beamer site, Union Pacific Railroad site, Hoblit site, Matmor/State Route 113 site, and the "Barn" site. These sites may also benefit from the release of RFPs or for Agency subsidy of feasibility studies.

Housing

It is required that a separate component of the Implementation Plan address affordable housing and the use of the Redevelopment Housing Set-Aside Fund. In summary the Plan states that approximately \$1,500,000 will be received in housing set-aside tax increment funds over the next five years. Those funds will be used to assist affordable housing projects, such as the Sutter Street Corporation Yard, City Center Lofts, and the Spring Lake Offsite Affordable Project. It is the goal of the plan to produce 400 units of which, 40-60 units will have affordability covenants. In addition, staff will consider projects that come forward and implement them if they meet the goals of the Agency. The top priority project is the Sutter Street Corporation Yard project. Staff would like to issue an RFP to determine the most viable project for the location.

Fiscal Impact

In-house redevelopment/housing staff prepared the implementation plan. There was no impact on the General Fund or Redevelopment Fund.

Public Contact

Regular meetings were held with the Implementation Plan Advisory Committee. This committee met four times since they were appointed and worked diligently to accomplish their task. The committee members reviewed the past tax increment revenues and expenditures and discussed the vision they wanted to achieve for the redevelopment area, especially downtown. They also discussed project selection criteria and identified priority projects to pursue over the next five years.

The draft Implementation Plan was also presented to the Planning Commission on December 3 at its regular meeting. The commissioners supported all of the three investment strategy goals identified; however, they did not think they had enough information to support the projects selected as priorities. The commissioners commented that it appreciated being included in the discussion of the Plan and they would like to be involved as early as possible as projects evolve. The members also recommended that the redevelopment advisory committee be formally established and continue to meet.

Information about this topic was also provided as a result of the posting of the Planning Commission agenda, the City Council/Redevelopment Board agenda and formal legal notices in the local newspaper. Staff received comments from three citizens as a result of this noticing.

Alternative Courses of Action

1. Adopt Redevelopment Agency Resolution No. _____ authorizing execution of the Redevelopment Agency Implementation Plan, 2010-2014.
2. Do not approve the Implementation Plan or the attached resolution and provide staff with alternate direction.

Recommendation for Action

Staff recommends that the Redevelopment Agency Board approve Alternative No. 1.

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Executive Director

Attachment A: Implementation Plan (on file with the Agency Clerk)
Attachment B: Implementation Plan Summary
Attachment C: Draft Outline for Request for Proposals
Attachment D: List of previous redevelopment projects and activities
Resolution

**WOODLAND REDEVELOPMENT STRATEGY
(SUMMARY)**

The priorities for redevelopment projects are to

1. Eliminate obstacles to development
2. Develop underutilized or vacant sites. Make them “development-ready”—ready for investors to come and develop without having to put in basic infrastructure or change underlying zoning and entitlement regulations.
3. Provide financial assistance to owners (especially of existing Downtown structures) for expansion and improvement when there will be significant economic development impact.

Specific Objectives for Downtown

1. Increase downtown residential units
 - a. City Center Lofts
 - b. Second Floor Historic Building Rehabilitation and Reuse Loan Program
2. Increase entertainment venues and activities
 - a. Multiplex Theatre

Specific objectives for the entire redevelopment project area:

- Develop underutilized or vacant sites. Renovate existing structures. Some of these sites and renovation activities are the following:
 - b. Yolo County Courthouse
 - c. UPRR
 - d. Sutter Street
 - e. Infrastructure
 - f. Exterior Façade Renovation Program
 - g. Main Street Improvements
 - h. Matmor
 - i. Historic DT Plaza

The priorities for affordable housing projects are:

- a. Casa del Sol
- b. SpringLake Housing Trust Fund RFP
- c. Barn site RFP
- d. Improving Problem Rental Properties
- e. Preservation of Expiring Units
- f. Hertel Spring Lake R-20 Site
- g. Crossroads Village
- h. Spring Lake E& L lot development
- i. ROEM
- j. Rochdale Grange

This is the schedule for redevelopment investment and the start of construction or other site development activity:

Start construction in 2010:

Façade renovation activities

Rochdale Grange

Casa del Sol, Phase II

Start construction in 2011 :

UPRR

City Center Lofts Garage

Start construction in 2012:

Theater

Main Street Streetscape

Yolo County Courthouse

Redevelopment Request for Proposals would generally include this information;

Project Description

This section would clearly state the community's goals and what it hopes to see with the project. This section should discuss possible sites and preferred outcomes.

Selection Criteria

Key criteria in the selection of a firm should include:

- Financial strength of the developer to complete the project
- Readiness to start construction (such as site control, lender commitments, agreement with theater operator)
- Evidence of commitment to follow an aggressive schedule and meet milestones
- Past experience, and
- Project budget (those proposals requiring no subsidy or the least amount of public subsidy would receive the higher score).

Statement of Developer Qualifications

Description of experience with similar projects

Statement of Financial Capability

Market viability and financial feasibility of the proposed project

Project Design:

In order to understand the project design, developers should be asked to submit:

- The conceptual project design, and at a minimum, a site plan, elevations, and floor plan.
- A description of any unit mixes or uses, and the possibility of including housing in the project (pros and cons).
- Description of materials to be used, and /or proposed architectural concepts.
- A description of how many employees will be housed and how many visitors/customers are anticipated to use the building.
- A description of the City's parking requirements for these uses and how they will be provided.

Financing Plan:

Developers should to submit a proposed financing plan, including:

- all sources and uses of funds needed for the project
- development and operating pro forma budgets. It should include any no-local subsidies (i.e. state or federal funds or tax credits).
- Information on whether or not the financial proposal includes the requirement to pay prevailing wages.
- A description of the development team's ability to finance extensive pre-development work, including community participation and entitlement requirements.
- A description of any gap in the financing available and a justification for any Agency or public subsidy.
- Identification of the amount and sources of equity, construction financing and permanent financing. If possible, there should be letters of interest or commitment from equity partners and lenders. Developer and investor profit returns should be shown.

Proposed Development Schedule:

For the theater project, this section is critical. It is one of the most important criteria in selecting a developer. The developer's proposal should:

- Demonstrate the readiness of the site to be developed. Is the site cleared. Are there any existing tenants. What environmental assessment has been done.
- Describe the status of site control .Show evidence that the site is owned or that there is an agreement with the owner that it can be built in this location. Indicate any lease or sale terms or operating restrictions that are relevant. Provide copies of property deeds, lease agreements, or other documentation that may be relevant.
- Show a preliminary schedule for development of the proposed project which includes as a minimum, preparation of plans, projected plan approval dates, execution of contract with construction contractor commencement of construction, construction milestones, and completion of construction.

SUMMARY OF PAST REDEVELOPMENT PROJECTS

- Triond Company OPA-Cheaper Gas-Mart-underground utility lines
- Hotel Woodland OPA-Renovation of Hotel
- Closure of Second Street at Main Street (Heritage Plaza)/Main Street Widening Project
- Relocation Assistance to Blue Shield California (Reimbursement Agreement, Parking Easement, Joint Access Easement)
- Continued Refurbishment of Old Southern Pacific Railroad Depot (relocated)
- JRH Biosciences, Inc OPA-reimbursement agreement for development fees
- Court and College Parking Lot- Acquired and developed a 156 space parking lot. Agency funds were used to acquire the site and remove on site contamination .
- Sign and Commercial Façade Programs- installation of signs and/or awnings in more than 10 businesses
- Woodland Corporate Center- construction of 35,000 square foot class A office space at the corner of East and Main Streets.
- East and Main Architectural Enhancement project- Construction of an the attractive entryway feature East & Main Street
- Capitol Saloon-financial assistance for façade renovation and off-site improvements
- Exterior façade rebate program—Completion of four façade projects
- Water Calibration Model
- City Center Lofts—financial assistance with architectural plans
- Yolo County court facility at Sixth and Main-- acquisition of parcels

AGENCY RESOLUTION NO. _____

**A RESOLUTION OF THE REDEVELOPMENT AGENCY OF
THE CITY OF WOODLAND APPROVING AND ADOPTING THE
REDEVELOPMENT 2010-2014 IMPLEMENTATION PLAN**

WHEREAS, the Redevelopment Agency 2005-2009 Implementation Plan expires in December 2009,

WHEREAS, As required by Health and Safety Code Sections 33490 and 333413 ,the Redevelopment Agency must produce Implementation Plans for the project area every five years

WHEREAS, the Woodland Redevelopment Agency Implementation plan for 2010-2014 must be completed by December 31, 2009

WHEREAS, the Implementation Plan must contain the specific goals and objectives of the Agency for the Project, the specific programs, including potential projects and estimated expenditures proposed to be made during the five year term of the Implementation Plan for the Project,

WHEREAS, the Implementation Plan must explain how the goals and objectives, programs and expenditures will eliminate blight within the Project Area and implement the requirements of Sections 33334.2, 33334.4, 33334.6 and 33413;

WHEREAS, the Implementation Plan must explain how affordable housing will be provided and the number of units expected to be produced;

WHEREAS, notice of the public hearing was published in a newspaper of general circulation in the City of Woodland and was posted in a t least four (4 permanent places within the Project Area, as required by Section 33490 of the Community Redevelopment law; and

NOW THEREFORE BE IT RESOLVED THAT the Redevelopment Agency Board

1. The Agency hereby approves and adopts the 2010-2014 Redevelopment implementation Plan for the Woodland Redevelopment Project, in substantially the form on file with the Agency Secretary and presented to the Agency at the public hearing held on December 15, 2009, subject to any further minor, technical, or clarifying changes that may be approved by Agency Counsel.

I HEREBY CERTIFY THAT the foregoing resolution was duly and regularly adopted by the Redevelopment Agency of the City of Woodland, County of Yolo, State of California on the 15th day of December 2009 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Marlin H. (Skip) Davies, President

ATTEST: _____
Sue Vannucci, Secretary