

ITEM 9.H.

MOORPARK CITY COUNCIL AGENDA REPORT

TO: Honorable City Council

From: David C. Moe II, Redevelopment Manager *D. Moe*

Date: January 27, 2011 (Council Meeting of 2/16/11)

Subject: Consider Review of Impacts to the City of Moorpark if the Redevelopment Agency of the City of Moorpark is Abolished

BACKGROUND AND DISCUSSION

On January 10, 2011, the Governor proposed to do away with local redevelopment agencies by July 1, 2011. His proposal abolishes local redevelopment in the following manner:

- Statutory elimination of redevelopment agencies that will protect obligations for existing projects and will divert \$1.7 billion to the State's General Fund in 2011-12 for Medi-Cal and trial courts. There will be \$210 million leftover for distribution to schools, cities, and counties, according to their proportionate share of current property tax.
- In subsequent budget years, after deducting for existing debt obligations, the remaining tax increment property tax will go to the cities, counties, and schools. There will be a \$50 million exception in the amount currently going to enterprise special districts which are fee supported – this will go to counties.
- The current balances in redevelopment agencies housing set-aside funds will be shifted to local housing authorities.
- A constitutional amendment to provide for 55-percent voter approval for local, limited tax increases and bonding against local revenues for economic development projects similar to those currently funded through redevelopment.
- Existing agencies will be required to cease creation of new obligations. The local governmental entity will be required to designate a successor agency to be responsible for retiring current redevelopment debt obligations in accordance with existing payment schedules.

This was part of a package of proposals to address a budget shortfall of \$25.4 billion in the FY 2011/12 California State Budget. The budget shortfall consists of an \$8.2 billion projected deficit for FY 2010/11 and a \$17.2 billion gap between projected revenues and spending in FY 2011/12. The Governor's proposal includes \$12.5 billion in budget cuts, \$12 billion in tax extensions and changes, and \$1.9 billion in other solutions. The Governor is calling for a statewide special election in June to extend taxes currently set to expire for five more years.

On July 5, 1989, the City Council of the City of Moorpark ("City") adopted Ordinance 110 approving and adopting a redevelopment plan for the Moorpark Redevelopment Project ("Project"). Over the last 22 years, the Redevelopment Agency of the City of Moorpark ("Agency") has, both unilaterally and through participation in joint public/private partnerships, facilitated a number of successful projects and programs aimed at economic revitalization, neighborhood revitalization, and affordable housing production.

A list of the Agency's accomplishments is attached as Exhibit A. Key Agency accomplishments include:

Government Facilities

- Civic Center complex – The Agency worked with the City to develop draft plans for a new Civic Center to anchor the western end of the Downtown Area within the provisions of the California Community Redevelopment Law ("CCRL").
- New U.S. Post Office – The Agency was instrumental in bringing the new Post Office to the downtown area by making Agency-owned land available on a long-term, low-cost lease. The Agency also improved the parking lot to serve the post office and downtown.
- High Street Fire Station – The Agency assembled a lot suitable for the construction of a new fire station on High Street and traded properties with Ventura County Fire District.
- Ruben Castro Human Services Center – The Agency is developing this facility for the County of Ventura and various human service organizations to provide non-emergency medical services and human services to low income residents in the project area.
- Magnolia Street Park – The Agency assisted in the development of the new Magnolia Street Park directly behind the new fire station. The Agency assisted in property acquisition and capital improvements.

- Police Services Center – The Agency provided interim financing for the land acquisition of the Moorpark Police Services Center and California Highway Patrol office.
- Poindexter Park – The Agency acquired eight of the ten acres for Poindexter Park and financed a portion of the construction.
- Downtown Park – The Agency has set aside funds to acquire the land and construct a future downtown park similar to Magnolia Park.

Commercial Developments

- West High Street Development – The Agency removed deteriorated structures in support of the development of Agency-owned property on High Street between Moorpark Avenue and the MetroLink station.
- East High Street Development – The Agency commenced planning work for the south side of High Street east of the MetroLink Station to Spring Road. The Agency has acquired the High Street Fueling Station for redevelopment purposes and in an effort to remove trucks off High Street.
- Moorpark Avenue Downtown Corridor Projects – The Agency has engaged in land acquisition aimed at stimulating investment in the Moorpark Avenue corridor. 347 Moorpark Avenue and 467 High Street were acquired through this program and is now being marketed for redevelopment.
- Aszkenazy Disposition and Development Agreement (“DDA”). The Agency has negotiated a DDA with Aszkenazy Development for the sale of Agency owned property located at 192 High Street and construction of 80,000 square feet of retail and office space. The Agency has set aside \$350,000.00 to demolish existing structures on this property.

Job Creation

- Business Enhancement Program – The Agency implemented a business enhancement program in cooperation with the Economic Development Cooperative of Ventura County.
- Partnered with Creative Woodworks to retain the business in Moorpark and to assist with its expansion.
- Business 911 Program –The Business 911 Program provides professional services and assistance to businesses on a request basis. This program is partly funded by the Agency.

- AG Machining – The Agency assisted AG Machining to consolidate their three building operation and relocate it to Moorpark bringing 167 new jobs.

Infrastructure Improvements

- High Street Streetscape Improvement Project – The Agency funded the design of streetscape improvements. The Agency has set aside \$1,150,000.00 for phase I including partial funding of a dedicated right turn lane from north bound Moorpark Avenue to east bound High Street.
- Infrastructure Projects Serving Downtown Area – The Agency funded the planning and/or construction of a number of infrastructure improvement projects in the downtown area, including High Street improvements, Charles Street reconstruction, storm drain, parking lot improvements, park improvements, and various street improvement projects totaling \$7,400,000.00.

Affordable Housing

- Affordable Housing – The Agency has facilitated the construction a total of 300 rental units restricted for low income families and assisted 56 families to purchase their first home.
- Future Affordable Housing Projects – The Agency is working with several developers to provide affordable units and has acquired numerous parcels throughout the project area that are ready to be developed into both rental and ownership affordable units. Staff anticipates this effort will create an additional 206 affordable units such as:
 1. Charles Street Rental Project with the Area Housing Authority of the County of Ventura.
 2. Former fire station site on Moorpark Avenue.
 3. Charles Street Condo Project.
 4. Walnut Canyon Project

The Agency receives approximately \$7,700,000.00 in tax increment each year. The Agency pays other public agencies about \$3,100,000.00 in annual payments pursuant to pass through agreements with both taxing entities. The combined annual payment of the 1999, 2001 and 2006 tax increment bond debt is \$1,900,000.00. State law requires the Agency to use 20% or \$1,500,000.00 to preserve and create affordable housing opportunities in the city. The Agency uses the remainder of the tax increment, \$1,200,000.00 to revitalize the downtown commercial area and neighborhoods and fund operating costs.

If the Agency is abolished, as Governor Brown is proposing, the effect to the City would be staggering. Under the Governor's proposed budget, the State would take all of the Agency's economic development and housing funds to balance its budget. Starting in fiscal year 2012/13 and thereafter, the Agency's economic development and housing funds would be split between the County of Ventura ("County"), Moorpark Unified School District ("MUSD") and the City. Staff estimates the City would receive an additional \$500,000.00 in property taxes and the remainder would go to the County and MUSD. The City would lose \$1,500,000.00 in housing and \$1,200,000.00 in economic development funds that are currently used each year to purchase dilapidated properties, repair/maintain streets, build/rehabilitate houses, improve the High Street and Moorpark Avenue corridor and provide for a higher quality of life for the downtown residents. The City would also lose \$616,000.00 in payments it receives from the Agency each year through the Cost Allocation Plan.

The number of annual jobs created in the City would be significantly reduced with the elimination of the Agency. The California Redevelopment Association hired Time Structures, Inc. to study the impact of Fiscal Year 2006-07 redevelopment agency activities on the California Economy. The study revealed that redevelopment activities created 300,000 jobs throughout the state of California in Fiscal Year 2006-07. Of this 300,000 jobs, 253 jobs were created in the City through redevelopment spending.

For every \$1 spent in the City it creates \$7 in economic spin-off activity. The Agency annually invests \$2,700,000.00 into the downtown through economic development and housing activities. Applying the \$1 creates \$7 theory, the Agency creates \$18,900,000.00 in annual economic activity in the City.

The Agency recently adopted the 2010-14 Five Year Implementation Plan ("Plan") for the Moorpark Redevelopment Project Area. This Plan outlines the goals and objectives of the Agency for redevelopment spending over this time period. The four goals and objectives of the Plan are:

Goal No. 1: Encourage and increase economic development activities in the Project Area

Objectives:

1. Provide resources for attracting new businesses and retaining and assisting with the expansion of existing businesses in the Project Area.
2. Provide assistance with land acquisition and relocation of existing uses to support public and private development.

Goal No. II: Make improvements to Project Area infrastructure and public facilities which benefit the Project Area

Objectives:

1. Provide funding, as appropriate and feasible, for public facilities, such as parking facilities, parks and recreation facilities, landscaping and other amenities, which serve properties and people in the Project Area.
2. Continue funding for infrastructure improvements in the public right-of-way (including sewer, storm drain, water systems, and surface improvements) which benefit the Project Area.
3. Reduce traffic congestion, install traffic signals as needed, improve public safety, and reduce public parking deficiencies within the Project Area.
4. Provide funding, as appropriate and feasible, for public service facilities such as a library, senior center, human services and parks and recreational facilities.

Goal No. III: Revitalize the Downtown Area

Objectives:

1. Complete redevelopment of Agency-owned properties on High Street including 467 High Street and property on the south side of High Street between the MetroLink lot and Moorpark Avenue.
2. Work with private developers to acquire and redevelop property on the east end of High Street.
3. Install MetroLink Station wall, landscaping, and access improvements.
4. Acquire land, if necessary, and construct new park and recreational facilities in the Project Area.
5. Complete streetscape improvements along High Street and Moorpark Avenue including: i) public and angle parking on High

Street; ii) widening of Moorpark Avenue consistent with the Circulation Element; and iii) enhancing public safety by installing improvements such as lighted, decorative bollards delineating vehicular and pedestrian zones as appropriate.

6. Expand Library.
7. Underwrite or finance and construct the Human Services Center on a two-acre site north of the Police Services Center.
8. Acquire property and partner with private and non-profits developers to provide a minimum of 40 new affordable housing units in the Downtown Area, including both single family units and multiple family units.

Goal No. IV: Increase, improve and preserve the quality of Low/Moderate income housing throughout the project area and the City

Objectives:

1. Promote and participate in public/private partnerships with non-profit and for profit developers and/or property owners to build new housing units and/or rehabilitate existing rental units for very-low and low-income households.
2. Develop and implement owner-occupied, revolving loan program(s) to help low- and moderate-income households purchase new or rehabilitated homes.
3. Work with property owners and the development community to identify and acquire in-fill housing development parcels, and to partner with private and non-profit entities to construct new housing units for very low-, low-, and moderate-income households on these parcels.
4. Work with the City to require new housing developments outside of the Project Area to contribute financing and/or inclusionary units intended for low- and moderate-income households.
5. Provide additional opportunities for improving the Walnut Canyon residential area north of Casey Road.

If the Agency is eliminated, the City would need to fund the activities associated with the goals and objectives in the Plan with general fund dollars or abandon them. The City would also need to fund or eliminate the following Agency programs and services:

1. Economic Development Collaborative of Ventura County ("EDC-VC") Membership (\$3,000.00)
2. Manufacturing Layoff Aversion (Included in EDC-VC Membership)
3. Global Entrepreneur Training (GET) Trade Program (Included in EDC-VC Membership)
4. Business Enhancement Program (\$10,000.00)
5. Moorpark Chamber of Commerce Funding (\$26,100.00)
6. Staff is City Liaison to Businesses (Staff Effort)
7. SCOUT Program Spending and Leakage Data (\$12,000.00 starting 2011/12)
8. Downtown Façade Improvement Loan Program starting in 2013/14 FY (\$200,000.00)
9. Commercial Revolving Loan Fund planned for 2011/12 FY (\$300,000.00)
10. Regional Defense Partnership (RDP-21) (\$5,000.00)
11. Economic Forecast Sponsorship (\$3,000.00)
12. California Association for Local Economic Development (Cal-ED) Membership (\$500.00)
13. Staff Salaries and Benefits of full time equivalent positions (\$542,947.00)
 - a. 50% of Assistant City Manager (\$136,448.00)
 - b. 100% of Redevelopment Manager (\$170,893.00)
 - c. 15% of Management Analyst (code enforcement) (\$19,104.00)
 - d. 75% of Management Analyst (housing) (\$81,371.00)

- e. 40% of Code Enforcement Officer (\$41,185.00)
 - f. 100% of Administrative Secretary (\$78,114.00)
 - g. 100% of Clerical Aid/Box Office Cashier (\$1,644.00)
 - h. 100% of Clerical Aid/Box Office Cashier (\$9,765.00)
 - i. 100% of Agency Board Members (\$,4,423.00)
14. Commercial/Residential Development at 347 Moorpark Avenue (Staff Effort)
 15. Walnut Canyon Affordable Housing Project (Staff Effort)
 16. High Street Streetscape Project (\$4,000,000.00)
 17. Commercial Development at 467 High Street (Staff Effort)
 18. HDL Sales Tax Reporting (\$5,000.00)
 19. Park Maintenance Assessment of Agency Properties (\$3,000.00)
 20. High Street Arts Center (\$130,000.00) (includes \$60,000.00 for General Manager)
 21. High Street Fueling Station Demolition (\$75,000.00 - \$100,000.00)
 22. Everett Street (former fire station) Affordable Housing Project (Staff Effort)
 23. Charles Street Condo Project (Staff Effort)
 24. Rehabilitation Assistance Program (Staff Effort)
 25. Mobile Home Rehabilitation Assistance Program (Staff Effort)
 26. Former Caltran's Yard Commercial Project (Staff Effort)
 27. Metrolink Second Access (\$300,000.00)
 28. Property Acquisition, Relocation and Demolition Program for affordable housing and economic development (\$1,000,000.00 - \$2,000,000.00)
 29. Low/Mod Cost Allocation Plan (\$151,000.00)

30. Tax Increment Cost Allocation Plan (\$465,000.00)
31. Moorpark Avenue Widening Project (\$674,000.00)
32. Millard Storm Drain Project (\$195,000.00)
33. Railroad Crossing Improvements at Spring Road (\$190,000.00)
34. Future Street Improvements in Downtown Commercial Area and Neighborhoods (Various)
35. Conversion of North Metrolink Parking Lot to Downtown Parking (\$315,000.00)
36. Relocation of the Metrolink Holdover Lot (\$2,000,000.00 - \$3,000,000.00)
37. Affordable Housing Monitoring (Staff Effort)
38. Affordable Housing Bond Monitoring for Vintage Crest (\$5,200.00)

FISCAL IMPACT

If the Agency is abolished by Governor Brown, the City would receive \$500,000.00 in new revenue as property tax. However, the City would lose \$616,000.00 each year in payments to the General Fund from the Agency through the Cost Allocation Plan and would need to find alternative funding for the \$1,374,000.00 of Agency financed public improvement projects through 2015/16. The City would also need to fund \$543,000.00 for staffing if it desires to keep economic development, code enforcement and affordable housing program activities.

The City would also lose all housing and economic development funds used each year by the Agency to assist local businesses and improve the quality of life for its residents. Over the remainder of the Moorpark Redevelopment Plan and net of the new property tax dollars the City would receive if the Agency was abolished (nineteen years remaining), the projected loss of gross tax increment is estimated to be \$174,941,062.00 of which \$65,602,898.00 (assumes a annual increase of 2%) could have been used for housing and economic development activities.

The business community would also be significantly affected by the elimination of the Agency. The Agency would no longer create construction related jobs each year, such

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as architects, engineers, project managers, financial institutions, escrow companies, insurance providers, bonding companies, skilled labor and general labors.

The economy would also lose over \$18,900,000.00 each year in economic activity in spin-off activities due to Agency spending.

STAFF RECOMMENDATION

Receive and file report and oppose the abolishment of redevelopment agencies.

Exhibit A – List of Accomplishments

**Summary of Redevelopment Agency
Accomplishments 1989-2010**

- Acquisition of High Street Property between Moorpark Ave and Metrolink Property - \$800,000
- Lease of the High Street Property to businesses- Maria's, BBQ Joint, and One More Time
- Established business assistance program in cooperation with Economic Development Collaborative of Ventura County. Businesses assisted - 19 over 5 - year period - \$50,000
- Acquisition of 661 Moorpark Avenue for lease unit and adjacent property for Public Works/Parks Department Corporation Yard - \$253,909
- Partial funding for Poindexter Park development - \$20,000
- Acquisition of land for Poindexter Park - \$600,000
- Acquisition of land for Mission Bell Plaza, Phase II with funds being repaid to the Agency - \$3,500,000
- Acquisition of Gisler Field and Disposition and Development Agreement with Cabrillo Economic Development Corporation for 15 units of affordable housing with land costs repaid to the Agency as units were sold - \$1,000,000
- Los Angeles Avenue wall and landscaping - \$400,000
- Spring Road Storm Drain Study and improvements - \$900,000

- Moorpark Avenue Storm Drain Study and Improvements - \$750,000 (*Objective 11-2*)
- High Street Hardscape and drainage Improvements - \$300,000
- Flory Avenue Hardscape Improvements - \$200,000
- Charles Street Reconstruction - \$300,000
- Miscellaneous curb, gutter and sidewalk improvements - Charles Street - \$200,000
- Lease of private property for CHP Offices on Moorpark Avenue with funds reimbursed by the State.
- Prepared Joint City/Agency Development & Financing Plan for site acquisition and construction of public facilities downtown (Police Facility and Corporation Yard and Civic Center expansion).
- Purchased property at 203/213 Los Angeles Avenue for affordable housing - \$360,000
- Constructed 3 affordable units as part of Colmer Development on 203/213 Los Angeles Avenue - \$382,500
- Acquired Moorpark Mobile Home Park for Civic Center and relocated 28 households - \$1,900,000
- Provided improvement grant to Catholic Charities for temporary building - \$28,300
- Acquired property on High Street for future Fire Station in exchange for old station property on Moorpark Avenue for future affordable housing development - \$220,000
- Acquired commercial property at 798 Moorpark Avenue

for affordable housing development - \$210,000

- Acquired portion of 7.5 acre site on Spring Road for Police Services Center and Human Services Center. Redevelopment Agency Share - \$1,446,825; Community Development Block Grant share - \$653,175
- Acquired property on Fitch Road for future Public Works/Parks Department Corporation Yard and commercial redevelopment - \$990,000 Remaining parcel sold for \$400,000 for private development.
- Provided loan for private acquisition of 11/17 High Street which was repaid upon resale - \$400,000
- Provided loan for privately financed renovation of High Street Arts Center which was repaid - \$350,000
- Acquired 284 Charles Street via tax default (\$15,000) and built replacement dwelling unit for family displaced by fire station project - \$295,000
- Acquired site for Magnolia Street Park - \$55,000
- Acquired High Street Arts Center (HSAC) at 45 High Street - \$1,250,000
- Replaced outdated or inoperable sound system and lighting control system and movie projection equipment at HSAC - \$60,000
- Operating HSAC now in third season of performances. \$150,000 per season and underwriting expense/revenue margin for productions concessions and rentals.
- Rehabilitation programs. Assisted 22 homes - \$177,455 from City Housing and CalHome Grant Funds

- Acquired 47-51 High Street for future Civic Center - \$357,000 (including relocation costs)
- Recruited Harley Davidson dealership to Moorpark (*approximate yearly sales tax contribution \$100,000*)
- Acquired 81 First Street for affordable housing unit - \$215,000 Constructed housing unit - \$348,950
- Acquired commercial property at 347 Moorpark Avenue for redevelopment - \$635,000
- Acquired commercial property at 467 High Street for redevelopment - \$451,439
- Acquired 765 Walnut Street for future affordable housing development - \$406,000
- Acquired replacement site on Princeton Avenue for fueling station on High Street - \$575,000
- Financed portion of Flinn Road realignment and traffic signal - \$459,200
- Financed construction costs for Magnolia Park - \$649,992
- Acquired 1095 and 1113 Walnut Canyon Road for affordable housing redevelopment - \$700,000.
- Removed grain silos and mill at 192 High Street - \$38,000
- Funded landscaping improvements at Los Angeles Avenue and Spring Road to enhance appearance of walls installed by private developer - \$5,000
- Acquired 450, 460, and 484 Charles Street for affordable housing redevelopment - \$1,387,080

- Relocation assistance provided for tenants of 450 Charles Street - \$39,177
- Acquired 1063, 1073, 1123, 1293, and 1331 Walnut Canyon for affordable housing redevelopment - \$1,859,315
- Acquired surplus parcel no. DD2-03-01 on Los Angeles Avenue from Cal Trans for future commercial development - \$1,854,000
- Acquired 33 High Street and currently have tenants leasing the second floor office space - \$950,000 / receiving \$1,189 / month rent
- Acquired 250 Los Angeles Avenue with (Los Angeles Area of Contribution funds) and leased to a family - receiving \$1,550 / month rent
- Acquired 780 Walnut Street for affordable housing redevelopment - \$250,895 Leased property for \$1,000 per month.
- Relocation assistance provided for fueling facility - \$57,254
- Relocation assistance provided for tenants of 1113 Walnut Canyon - \$40,122
- Staff coordinated demolition and site clearances at 460, 484 Charles Street, 1095, 1113, 1293 and 1331 Walnut Canyon - \$73,948
- Staff coordinated demolition, site clearance and asbestos removal at 765 Walnut Street, 81 Charles Street, and the old fire station barracks - \$62,000
- Staff is administering Mobilehome Rehabilitation Program. Five homes are being assisted - \$100,000 in

CalHome Reuse Funds

- Administration of seven rounds of the First Time Homebuyer Program. 62 families placed in affordable units to date.
- Staff coordinated demolition and site clearance at 661 Moorpark Avenue and 1123 Walnut Canyon Road - \$26,423
- Purchased property at 1083 Walnut Canyon Road for future affordable housing development - \$703,202
- Purchased property and relocated tenants at 112 First Street for future affordable housing development - \$316,124
- Purchased property at 124 First Street for future affordable housing development - \$303,089
- Financed High Street parking lot and flood channel improvements associated with Post Office project - \$1,900,000