

S T O C K T O N R E D E V E L O P M E N T A G E N C Y

RESOLUTION AUTHORIZING EXECUTION OF A
FISCAL AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY
OF THE CITY OF STOCKTON, THE COUNTY OF SAN JOAQUIN, THE
SAN JOAQUIN COUNTY FLOOD CONTROL DISTRICT, AND THE
SAN JOAQUIN COUNTY FLOOD CONTROL DISTRICT--ZONE 9

WHEREAS, the Redevelopment Agency of the City of Stockton (the "Agency"), the County of San Joaquin, the San Joaquin County Flood Control District and the San Joaquin County Flood Control District--Zone 9 (collectively the "County") desire to enter into a Fiscal Agreement (the "Agreement"), the terms of which are set forth in the Agreement attached hereto as Exhibit "A" and by this reference incorporated herein; and

WHEREAS, the Agency is in the process of preparing the Eastland Redevelopment Plan (the "Plan") for consideration and potential adoption by the City of Stockton (the "City") in accordance with the procedures and requirements of the California Community Redevelopment Law (the "CRL") (Health and Safety Code Sections 33000 et seq.); and

WHEREAS, the Plan calls for redevelopment of a designated project area (the "Project Area") within the City pursuant to the CRL; and

WHEREAS, the parties have determined that the adoption by the City and implementation by the Agency of the Plan would, but for the agreements set forth in the Agreement, cause a financial burden or detriment to the County in that redevelopment of the Project Area will increase demand for services provided by the County to Project Area residents; now, therefore,

CITY ATTY
REVIEW

DATE MAY 16 1990

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON, AS FOLLOWS:

1. That the Agency hereby finds and determines, based on evidence provided at this meeting, that the adoption of the Plan by the City and implementation by the Agency would, but for the agreements set forth in the Agreement, cause a financial burden or detriment to the County in that redevelopment of the Project Area will increase demand for services provided by the County to Project Area residents.

2. That the Agency hereby approves the Agreement described above and authorizes and directs the Chairperson to execute the Agreement on behalf of the Agency.

PASSED, APPROVED and ADOPTED this 21st day of
MAY, 1990.

/s/ JOAN DARRAH

JOAN DARRAH, Chairperson
Redevelopment Agency
of the City of Stockton

ATTEST:

/s/ FRANCES HONG

FRANCES HONG, Secretary
Redevelopment Agency
of the City of Stockton

H-110-000

FISCAL AGREEMENT

AMONG THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON,
THE COUNTY OF SAN JOAQUIN, THE SAN JOAQUIN COUNTY FLOOD
CONTROL DISTRICT, AND THE SAN JOAQUIN COUNTY FLOOD
CONTROL DISTRICT-ZONE 9

This Fiscal Agreement (the "Agreement") is entered into among the County of San Joaquin, a political subdivision of the State of California (the "County"), the San Joaquin County Flood Control District, a special district (the "District"), the San Joaquin Flood Control District - Zone 9, a special district (the "Zone") and the Redevelopment Agency of the City of Stockton, a public body, politic and corporate (the "Agency"):

Recitals. Each of the parties enters into this Agreement in light of the following facts:

(a) The Agency is in the process of preparing a proposed redevelopment plan (the "Plan") for adoption by the City Council of Stockton (the "Council") for the Eastland Project Area (the "Project Area") pursuant to the California Community Redevelopment Law (California Health and Safety Code Section 33000 et seq.). The Plan contains a program for financing the Eastland Redevelopment Project (the "Project"), including construction of public improvements necessary to permit private

development of the Project Area in a manner consistent with the Stockton General Plan.

(b) The Plan provides for "tax increment financing" in that ad valorem taxes levied on the taxable property within the Project Area are to be allocated pursuant to California Constitution Article XVI, Section 16, and California Health and Safety Code Section 33670.

(c) The County, the District and the Zone are each a taxing agency with territory located within the Project Area.

(d) Meetings have been held at which the County, the District and the Zone have expressed concern over the fiscal impact of the Plan and the anticipated allocation of tax increment monies to implement the Plan.

(e) The County, the District and the Zone intend to elect to be allocated a portion of the tax increment funds pursuant to Health and Safety Code Section 33676(a).

Now, therefore, the parties agree as follows:

Section 1. Definitions. In addition to the terms defined in the Recitals to this Agreement, the terms set forth in this Section shall have the following meanings:

(a) "Activities" means the activities necessary to implement the projects described in Part III. Section C. of the Preliminary Report for the Eastland Redevelopment Project

(February 14, 1990) as set forth in the attached Exhibit A which are commenced within 20 years of the date of adoption of the Plan. To the extent any such Activity is a construction project, commencement of that Activity shall be commencement of construction.

(b) "Base Year" means Fiscal Year 1989-90, for which the Base Year Value has been established.

(c) "Base Year Value" means the assessed valuation of the property within the Project Area as shown on the Base Year assessment roll. As of the date of this Agreement, the amount of the Base Year Value is \$17,356,225.

(d) "County Percentage" means the percentage on each dollar of the One Percent TIR Amount (as defined in subsection (j) below) that the County would receive if there were no provision in the Plan for the allocation of Tax Increment Revenue to the Agency. As of the date of this Agreement, the County Percentage is 41.76%.

(e) "District Percentage" means the percentage on each dollar of the One Percent TIR Amount that the District would receive if there were no provision in the Plan for the allocation of Tax Increment Revenue to the Agency. As of the date of this Agreement, the District Percentage is 0.18%.

(f) "Entities" means the County, the District and the Zone.

(g) "Fiscal Year" means the year beginning on July 1 and ending on the following June 30.

(h) "Net Bond Proceeds" means the proceeds of bonds, notes or other indebtedness issued by the Agency which are payable from Tax Increment Revenue and which are available for expenditure by the Agency to implement the Activities less: any portion of such proceeds used to pay costs incurred for or in connection with issuance of bonds, notes or other indebtedness; any portion of such proceeds used to establish a reserve for payment of the bonds, notes or other indebtedness; any portion of such proceeds used to pay principal, interest, redemption premiums or any other amounts owing on bonds, notes or other indebtedness previously issued by the Agency and payable from Tax Increment Revenue; any portion of such proceeds used to pay costs incurred for obtaining credit enhancement, insurance, or swaps, hedges, or other similar devices designed to decrease the interest rate or risk of the bonds, notes or other indebtedness or increase their marketability; or any portion of such proceeds deposited in a low and moderate income housing fund in lieu of making annual payments into such fund pursuant to Health and Safety Code Sections 33334.2 and 33334.3

(i) "Net Tax Increment" means, for a given Fiscal Year, the One Percent TIR Amount less: any amount the Agency is obligated to pay any taxing agency other than the County, the District and the Zone in that Fiscal Year; any amount the Agency

is required to place in a low and moderate income housing fund with respect to the Project Area pursuant to Health and Safety Code Sections 33334.2 and 33334.3; and principal, interest or other amounts the Agency is obligated to pay in that Fiscal Year on or in connection only with bonds, notes, or other indebtedness issued by the Agency prior to the Trigger Year to finance implementation of the Activities.

(j) "One Percent TIR Amount" means, for a given Fiscal Year, that portion of the Tax Increment Revenue allocated to and actually received by the Agency attributable to the one percent (1%) County-wide tax rate levied pursuant to California Constitution Article XIII A, Section 1(a).

(k) "Tax Increment Revenue" means property taxes levied on the increases in assessed values of the property within the Project Area above the amount of the Base Year Value which, pursuant to Article XVI, Section 16 of the California Constitution, Health and Safety Code Section 33670 et seq. and the Plan, are payable to the Agency to pay the principal and interest on loans, monies advanced to or indebtedness incurred by the Agency to finance or refinance, in whole or in part, redevelopment in accordance with the Plan.

(l) "Trigger Year" means the Fiscal Year during which the cumulative amount of Net Tax Increment received by the Agency since the adoption of the Plan plus the cumulative amount of Net Bond Proceeds received by the Agency since the adoption of the

Plan is equal to the amount necessary to carry out the Activities.

(m) "Zone Percentage" means the percentage on each dollar of the One Percent TIR Amount that the Zone would receive if there were no provision in the Plan for the allocation of Tax Increment Revenue to the Agency. As of the date of this Agreement, the Zone Percentage is 0.48%.

Section 2. Payments to the Entities.

(a) In each Fiscal Year following the Trigger Year and in each Fiscal Year thereafter through the term of the Plan, the Agency shall pay to the County the County Percentage of the Net Tax Increment for that Fiscal Year.

(b) In each Fiscal Year following the Trigger Year and in each Fiscal Year thereafter through the term of the Plan, the Agency shall pay to the District the District Percentage of the Net Tax Increment for that Fiscal Year.

(c) In each Fiscal Year following the Trigger Year and in each Fiscal Year thereafter through the term of the Plan, the Agency shall pay to the Zone the Zone Percentage of the Net Tax Increment for that Fiscal Year.

(d) The payments required to be made pursuant to this Section 2 shall be made within 30 days of receipt of Tax Increment Revenue by the Agency from the County Auditor.

(e) The Agency's obligations to make payments to the Entities under this Section 2 shall constitute an indebtedness of the Agency within the meaning of Health and Safety Code Section 33670, and the Agency shall claim the amounts payable under this Section 2 in its annual statement of indebtedness filed with the County Auditor pursuant to Health and Safety Code Section 33675.

Section 3. Plan Limits. The Plan shall contain and the Agency agrees to adhere to the following limits on the use of tax increment funds:

(a) No more than \$32,000,000 of tax increment revenue may be divided and allocated to the Agency without an amendment of the Plan;

(b) No more than \$25,000,000 of bonded indebtedness may be outstanding at any one time without an amendment of the Plan; and

(c) No advances or indebtedness shall be established or incurred by the Agency after the expiration of thirty-nine (39) years from the date upon which the Plan is adopted without an amendment of the Plan.

Section 4. Limitations on Revenue Sharing. Notwithstanding any other provision in this Agreement, no payments shall be made to any Entity by the Agency or received directly by any Entity from the County Auditor:

(a) which would exceed the amount, annually, that the affected Entity would have otherwise received from property taxes from the Project Area had the Plan not been adopted; or

(b) the receipt of which would cause the affected Entity to violate its expenditure limitations under Article XIII B of the California Constitution; or

(c) which would be contrary to the provisions of Section 33401 of the Health and Safety Code or violate any other provision of the California Community Redevelopment Law or the laws of the State of California.

Any excess amounts under subsections (a), (b) or (c) above shall be retained by the Agency for distribution, in the Agency's sole discretion, to other taxing entities or for the purpose of paying indebtedness incurred by the Agency in carrying out the Project.

Section 5. Limited Subordination. It is recognized by the parties that the Agency may finance improvements provided for in the Plan by means of bonds or notes, and should Agency's bond counsel require amendments to this Agreement in order to facilitate such bond sale or sales, the parties agree that consent to such amendments will not be unreasonably withheld.

The Agency may request each of the Entities to subordinate its interests herein and to allow the Agency to pledge all or any portion of the Tax Increment Revenue otherwise payable to or

receivable by the such Entity under this Agreement in order to secure repayment of Agency long-term bonded indebtedness incurred for the Project. For purposes of this Agreement, "long-term" shall mean in excess of three (3) years.

Each Entity agrees to comply with such request provided that the Agency first demonstrates the Agency's anticipated ability to repay such indebtedness incurred for the Project without demand being made on the payments due to or receivable by such Entity under the terms of this Agreement. Any such demonstration shall include, without limitation, revenue forecasts, debt service schedules and satisfactory assurance by the Agency that it will reimburse such Entity in full for any payments which are due such Entity and which the Entity agrees the Agency may use if necessary to repay such indebtedness. Nothing in this Agreement shall give any of the Entities the right to approve Agency indebtedness except as the Agency may request each Entity to subordinate its rights to payments under this Agreement.

Section 6. No Contest of Plan. Each Entity agrees that this Agreement comprises all claims by it against City and/or Agency arising out of the adoption of the Plan, and is a waiver of its right to challenge the Plan. In consideration for the agreements set forth herein, each Entity agrees to forego any right or remedy it may have in law or equity to contest the

preparation and adoption of the Plan and the establishment of the Project.

Section 7. Term of Agreement. This Agreement shall be effective as of the date that the ordinance enacted by the Council adopting the Plan for the Project becomes effective and shall terminate upon the earlier to occur: (a) the expiration of the Plan; (b) the filing of an action in a court of competent jurisdiction by any person or entity challenging the adoption of the Plan or any of the proceedings in connection therewith; or (c) the certification by the Registrar of Voters of a vote against the adoption of the Plan in a referendum election.

Section 8. General Provisions.

(a) In the event that litigation is initiated by a third party attacking the validity of this Agreement, each party agrees to bear its own costs of defense in all such litigation. Each party shall cooperate with the other parties in all such litigation. Each party agrees that it will not enter into a settlement of any such litigation without the consent of each other party.

(b) If any provisions of this Agreement are held to be invalid or illegal by a court of competent jurisdiction, such invalidity or illegality shall not act to invalidate any other provisions of this Agreement and all such other provisions shall

remain in full force and effect to the greatest extent legally possible.

(c) In the event any legal action or other dispute resolution activity is commenced by one of the parties to this Agreement to interpret or enforce the terms of this Agreement or to collect damages as a result of a breach thereof, the party prevailing in any such action shall be entitled to recover against the nonprevailing party all reasonable attorneys' fees and costs incurred in such action.

(d) This document is the entire and integrated agreement among the parties and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument, signed by all parties.

Dated: _____

REDEVELOPMENT AGENCY OF
OF THE CITY OF STOCKTON

Approved as to Form:

Bala J. A. [Signature]
Agency Counsel

By: _____
Alan N. Harvey
Executive Director

Attest: _____
Frances Hong
Agency Secretary

Dated: May 15, 1990

COUNTY OF SAN JOAQUIN

Approved as to Form:

M. J. [Signature]
County Counsel (with [Signature])



By: _____
Douglass W. Wilhoit, Chairman
Board of Supervisors

Attest: Caroline Gunco
Deputy Clerk

Dated: May 15, 1990

SAN JOAQUIN COUNTY FLOOD
CONTROL DISTRICT

Approved as to Form:

Michael McGinnis
County Counsel *Chief Deputy*



By: [Signature]
Douglass W. Wilhoit, Chairman
Board of Supervisors

Attest: Caroline Gunco
Deputy Clerk

Dated: May 15, 1990

SAN JOAQUIN COUNTY FLOOD
CONTROL DISTRICT - ZONE 9

Approved as to Form:

Michael McGinnis
County Counsel *Chief Deputy*



By: [Signature]
Douglass W. Wilhoit, Chairman
Board of Supervisors

Attest: Caroline Gunco
Deputy Clerk

EXHIBIT A

C. Redevelopment Activities and Costs

This Section of the Report sets forth a program of proposed redevelopment activities (and accompanying costs) to address the blighting conditions described in Part II and to create a more desirable living, working and investment environment for the Project Area. These program activities are summarized in Figure III-1 and described as follows.

1. Infrastructure Needs

a. Streets

A program of street upgrading and traffic control in the Project Area is proposed to overcome the documented blighting conditions related to streets. Total cost for needed street improvements is estimated to be \$661,600 (in 1990 dollars).

In terms of basic upgrading, the City of Stockton's Department of Public Works has indicated a need for: (1) basic street repair and repaving, and (2) the addition of new street lights and traffic control systems.

b. Sidewalks, Curbs, and Gutters

The program calls for the repair, replacement, and new construction of sidewalks, curbs, and gutters, as necessary, to bring these facilities up to City standards. Total cost for these projects is estimated to be \$560,750 (in 1990 dollars). \$80,000 of this total is earmarked for landscaping and fence relocations to reduce visual blight by beautifying the Project Area.

c. Storm Drainage and Sanitary Sewer Improvements

The City of Stockton's Department of Public Works estimates a need for repair and replacement of neighborhood storm drainage and sanitary sewer systems in the Project Area to bring these facilities up to City standards. Total cost for these improvements are estimated at \$158,600.

The total cost of infrastructure improvements needed in the Project Area, including engineering costs and contingencies of approximately 30%, comes to \$1,794,750.

2. Housing Needs

The Agency plans to provide an aggressive housing program in the Project Area which will combine the rehabilitation of existing housing units in the area with the development of new housing. Based on a market study prepared by Keyser Marsten Associates in July 1989, the Agency has determined that there is a need for new housing opportunities for low and moderate income households. Although there is a significant amount of residential development occurring in and around the City of Stockton, the cost of this housing largely bypasses low and moderate income households. Additionally, virtually none of this housing development is taking place in the Project Area.

The Agency program proposes to provide rehabilitation loans to the portion of the Project Area north of Flora and the area west of Wilson Way. In addition, the Agency plans to assist in the development of townhouses and patio homes in the portion of the Project Area south of Flora, bounded by Wizard and Solari (if Solari extended south of Flora). The costs for these activities are as follows:

a. Housing Rehabilitation Program.

The Agency plans to establish a revolving rehabilitation loan program to provide low interest or deferred payment loans. The loans would be provided for the rehabilitation of existing housing units located North of Flora Street and housing units west of Wilson Way. This area contains approximately 160 housing units. The average cost of rehabilitation is assumed to be \$20,000 per unit. It is assumed that approximately 25% of the housing units in the Project Area will under go rehabilitation as part of the Agency program. Based on this estimate \$800,000 will be necessary to fund the rehabilitation loan program. Of course, at any one time the total of \$800,000 may not be outstanding since loans will be made over the course of many years and as loans are repaid the repayments will be deposited into the loan fund for reuse. Additionally, at least a portion of the loan funds will satisfy the Agency's low and moderate income housing requirement which obligates the Agency to set aside at least 20% of its tax increment for low and moderate income housing.

b. Housing Construction

Based on a market analysis prepared by Keyser Marston and Associates, the Project Area has the potential to support 210 units of housing. This housing would consist of 125 patio homes and 85 townhouses. A portion of these homes would be affordable to families of low and moderate incomes. In order for the development to achieve affordability for low and moderate

income households, a \$20,000 to \$25,000 per unit subsidy for a majority of the homes will be required. The Agency's 20% low and moderate income housing fund can be used for such a subsidy. In addition, the subsidized units will fulfill the Agency's replacement housing obligation for those displaced by the development. Approximately one half of the patio homes will require a subsidy of \$20,000 and 75% of the townhouses will require a subsidy of \$25,000. This creates a total cost to the Agency of \$3,000,000 in subsidy.

In addition to subsidizing the cost of the new housing development, construction of the housing would require the removal of eleven businesses, as well as approximately 56 dwelling units. The eleven displaced businesses would be entitled to up to \$20,000 in relocation payments under California Redevelopment Law. (The \$20,000 figure is a rough estimate based on past experience and California relocation law.) Prior to adoption of any redevelopment plan, a detailed study would be required determining the actual relocation costs and outlining a relocation plan. The 56 dwelling units include six owner occupied homes (as determined from 1988 tax assessor's rolls and thus an estimate of present ownership). California relocation law requires a payment of approximately \$6,250 including moving and other incidental costs to all tenants displaced by redevelopment and up to a \$22,500 payment to all displaced homeowners who use the payment as a down payment on new homes. Thus, the best estimate of relocation costs is approximately \$667,000. In addition, the Agency will be obligated to replace housing units destroyed due to redevelopment activities. The subsidized units in the development will meet this obligation.

3. Commercial Development

The proposed Eastland Plaza retail project would be the first element of the Plan to be completed. At this time, the retail project will not require any Agency subsidies to move forward, but will require Agency assistance for assembling parcels along Oak Street. For the purposes of this Report, it is assumed the developer will pay all acquisition costs and all relocation costs required by California law for the properties on Oak Street to be acquired.

The Keyser Marston Report indicates that new retail in addition to Eastland Plaza is not feasible at this time. Some potential exists for the rehabilitation of existing commercial structures on Waterloo Road Wilson Way or Fremont Street, however, this upgrading will only be financially feasible after the absorption of the existing and proposed retail should it occur, will likely require subsidies to be financially feasible. A loan fund of \$100,000 should be sufficient to meet this need.

In addition, the Agency may provide assistance to existing or new private commercial developers to upgrade the area, including infrastructure improvements and land assembly assistance. The Agency has budgeted \$60,000 for these activities.