



# CITY OF SANTA BARBARA

## REDEVELOPMENT AGENCY AGENDA REPORT

**AGENDA DATE:** June 9, 2011

**TO:** Chair and Boardmembers

**FROM:** Housing and Redevelopment Division, Community Development Department

**SUBJECT:** Redevelopment Agency Capital Program Review And Development

### **RECOMMENDATION:**

That the Agency Board review, consider, and give direction to staff to implement any proposed changes to the Agency's Capital Program.

### **DISCUSSION:**

The Redevelopment Agency's Central City Redevelopment Project Area is scheduled to expire in August 2015. Redevelopment-related projects have been focused on blight removal and the elimination of the influences that lead to blight. Prominent Agency-funded projects have included: Paseo Nuevo mall, Chase Palm Park Expansion, the restoration of the Rail Road Depot (now on the National Register of Historic Places), the restoration of the Carrillo Recreation Center, the Louise Lowry Davis Center, and Fire Station #1, the West Beach Pedestrian Improvement project, State Street Sidewalks Phases I through IV, and planning on a number of critical projects including the proposed Police Department headquarters renovation. These projects have played a key role in the continued success of the Central City Redevelopment Project Area and have provided the infrastructure necessary for the community to continue to succeed many years into the future.

Current Capital Program: With only four more fiscal years of capital planning remaining, the use of Redevelopment Agency tax increment revenues is more important than ever. The Redevelopment Agency's current capital program includes 27 capital projects, three contingency/opportunity acquisition accounts, a number of completed projects with remaining balances, and one proposed community grant, all of which total approximately \$28.4 million. A summary of the current capital program can be found in Attachment 1. The attachment has been divided into seven categories, six of which refer to the phase of development the particular project is currently in (Complete, Construction, Final Design, Preliminary Design, Conceptual Design, and Concept) and one which is titled Miscellaneous.

Remaining Unfunded Projects: In addition to understanding the current Agency Capital Program, and limited time frame for Redevelopment Agency funding, it is also important

to identify projects that the Agency Board may wish to undertake in the future. Identifying these projects will provide for the receipt of tax increment revenues over the next four fiscal years and allow the Agency to pay the debt established to fund these proposed projects. Attachment 2 – Possible Future RDA Projects provides a list of projects that have been submitted to Agency staff for funding consideration over the previous three fiscal years. In an effort to facilitate the Board's discussion, Agency staff have divided the list into projects that the Agency Board may wish to fund (shaded) with expected future tax increment revenues based on previous comments and capital program discussions (discussed below).

### **AVAILABLE SOURCES OF FUNDING:**

There are a number of sources of funding that have been identified to complete existing capital projects and fund future project opportunities. The sources include Reprogrammable Funds (e.g., completed projects with remaining balances), Non-Recurring Funds (additional interest earnings above budget, tax increment received over budgeted amounts, etc.) and Recurring Funds (tax increment revenues).

Reprogrammable Funds: The Agency Board has the authority to take existing project funds and reprogram those funds to other existing Agency projects that need additional funds or to fund newly identified Agency projects. The identified proposed sources of Reprogrammable Funds listed in Attachment 1 include: completed projects that have balances remaining (\$687,561), the Opportunity Acquisition Fund (\$366,500), Housing Fund Contingency Account (\$348,455) and the RDA Contingency Account (\$220,290) for a total of \$1,622,806.

If the Board wishes to review existing capital projects with the idea of reprogramming these funds based on current priorities, staff has categorized the projects based on their current phase of development.

Non-Recurring Funds: Non-Recurring funds vary on a year-to-year basis. Due to slight declines in tax increment revenues and the weak real estate market, there are no significant sources of surplus revenues in the current year.

Recurring Funds: Recurring funds consist of annual tax increment revenues received by the Agency to repay Agency debt incurred by undertaking redevelopment projects. Staff has conservatively estimated that there will be \$6.5 million of tax increment revenues in each of the next four years (\$26 million total) available for Agency redevelopment projects and programs after payment of bonded debt service, affordable housing and operational expenses. Total tax increment available to repay all debt prior to reaching the tax increment cap is approximately \$157,000,000. The Agency is entitled to receive tax increment revenue to pay bonded debt service and debt created under contracts and the Multiyear Cooperation Agreement to carryout redevelopment projects identified in the Redevelopment Plan and the Implementation Plan.

### **PROPOSED FUNDING OPTIONS:**

There are a number of funding options available to the Agency Board and can be broken down into two primary categories: (1) Reprogramming projects from the Agency's current capital program, and (2) programming future tax increment revenues (through 2015) to current and future projects.

Reprogramming of Current Capital Projects: Agency staff recommends that the Agency Board reprogram the projects and their associated funds mentioned above (in the Reprogrammable Funds section) from the Agency's capital program and direct the estimated \$1,622,806 to the existing Police Department Building Construction account. In accordance with California Community Redevelopment Law, on June 8, 2010 the City Council adopted City Resolution No. 10-035 approving and adopting the findings required by Health and Safety Code Section 33445.1. These findings provide the legal basis to allocate Agency tax increment revenues to help fund the Police Department Building project. If the Agency Board wishes to consider reprogramming or cancelling additional currently funded Agency projects because they are no longer in line with the Agency Board's priorities, staff recommends, as a general guideline, focusing on projects listed in Attachment 1 that fall outside of those listed in the construction phase.

Programming Future Tax increment Revenues: As mentioned above, the Agency is anticipating approximately \$26 million in additional tax increment revenues (\$6.5 million/year) through Fiscal Year 2015 to fund redevelopment projects. Attachment 2 – Possible Future RDA Projects is a compilation of projects that have been submitted to Agency staff for funding consideration over the previous three fiscal years. In an effort to facilitate the Board's discussion, Agency staff have divided the list into projects that the Agency Board may wish to fund (shaded) with future tax increment revenues based on comments received during prior capital program discussions.

Agency staff recommends that the Agency Board allocate \$26 million in future tax increment revenues according to the proposal depicted by shading in Attachment 2. If approved, funding for the Police Department Building Construction would include \$7,009,936 in the current project balance, \$1,622,806 from reprogrammable funds and \$12,000,000 from future tax increment revenues to total approximately \$20,632,742.

### **BUDGET/FINANCIAL INFORMATION:**

Agency staff will work with the Finance Department to implement the decisions of the Agency Board. If direction is given, staff will return with a formalized Current Capital Program and a Long Term Capital Program for Agency Board approval on June 28, 2011.

### **SUSTAINABILITY IMPACT:**

The projects discussed in this Agenda Report will have their greatest impacts on the environment at the point they begin construction. Recognizing the possible impacts, Agency sponsored capital projects incorporate environmentally responsible design and construction techniques including, but not limited to, the specification of recycled content building materials, construction debris recycling processes, and the use of

drought tolerant landscaping. These techniques further the City's Sustainability Goals in a variety of ways specific to the individual project and include reducing waste, recycling, and reducing resource consumption.

**ATTACHMENTS:** 1. Current Capital Program  
2. Possible Future RDA Projects

**PREPARED BY:** Brian J. Bosse, Housing and Redevelopment Manager

**SUBMITTED BY:** Paul Casey, Assistant City Administrator

**APPROVED BY:** City Administrator's Office

## CURRENT CAPITAL PROGRAM 5-26-11

| Name   | Status                                   | Total Funds         |
|--|--|---------------------|
| <b>REMAINING FUNDING FROM COMPLETED CAPITAL PROJECTS</b> | <b>Complete</b>                          | <b>\$687,561</b>    |
| FIRE DEPARTMENT ADMINISTRATION ANNEX                     | Construction                             | \$3,359,068         |
| CARRILLO REC CENTER RESTORATION                          | Construction                             | \$1,630,817         |
| PARKING STRUCTURES 2,9,10 CONST.                         | Construction                             | \$1,512,276         |
| LOWER WEST DOWNTOWN STREET LIGHTING                      | Construction                             | \$734,813           |
| CHASE PALM PARK LIGHT/ELECT. UPGRADE                     | Construction                             | \$555,759           |
| HELENA PARKING LOT DEVELOPMENT                           | Construction/<br>Contractual Obligation  | \$469,767           |
| WEST DOWNTOWN IMPROVEMENT PROGRAM                        | Construction                             | \$247,000           |
| PLAZA DEL MAR RESTROOM RENOVATION                        | Construction                             | \$204,000           |
| CHASE PALM PARK RESTROOM RENOVATION                      | Construction                             | \$185,698           |
| PD ANNEX LEASE COST                                      | Construction Related                     | \$185,243           |
| WEST BEACH PEDESTRIAN IMPROVEMENTS                       | Construction                             | \$185,281           |
| PERSHING PARK RESTROOM RENOVATION                        | Construction                             | \$115,069           |
| 725 DE LA VINA RENTAL COSTS (Fire Dept)                  | Construction Related                     | \$164,076           |
| PARKING LOT IMPROVEMENTS (Parking Fund)                  | Construction                             | \$31,139            |
| ALTERNATE GIVING CAMPAIGN                                | Construction                             | \$28,940            |
| FIRE STATION #1 REMODEL                                  | Construction                             | \$7,179             |
| COMMUNITY ARTS WORKSHOP                                  | Final Design                             | \$524,692           |
| PD BUILDING CONSTRUCTION                                 | Prelim Design                            | \$7,009,936         |
| PLAZA DE LA GUERRA INFRASTRUCTURE                        | Conceptual Design                        | \$2,167,737         |
| LIBRARY PLAZA RENOVATION                                 | Conceptual Design                        | \$184,547           |
| MISSION CREEK FLOOD CONTROL @ DEPOT                      | Concept                                  | \$2,500,000         |
| MISSION CREEK FLOOD CONTROL - PARK                       | Concept                                  | \$748,143           |
| VISITOR CENTER CONDOMINIUM PURCHASE                      | Concept                                  | \$500,000           |
| LOWER STATE STREET SIDEWALKS                             | Concept                                  | \$335,000           |
| CABRILLO PAVILION ARTS CTR ASSESSMENT                    | Concept Phase                            | \$248,898           |
| DOWNTOWN SIDEWALK IMPROVEMENTS<br>(Ortega, Cota, Haley)  | Concept                                  | \$87,929            |
| STATE ST PEDESTRIAN AMENITIES PILOT                      | Concept Phase                            | \$45,570            |
| CHASE PALM PARK WISTERIA ARBOR                           | Concept Phase/<br>Contractual Obligation | \$835,900           |
| RESTORATIVE POLICING PILOT PROGRAM                       | Miscellaneous                            | \$1,000,000         |
| ENSEMBLE THEATRE GRANT                                   | Miscellaneous                            | \$1,000,000         |
| OPPORTUNITY ACQUISITION FUND                             | Miscellaneous                            | \$366,500           |
| HOUSING FUND CONTINGENCY ACCOUNT                         | Miscellaneous                            | \$348,455           |
| RDA PROJECT CONTINGENCY ACCOUNT                          | Miscellaneous                            | \$220,290           |
|  | <b>Total</b>                             | <b>\$28,427,284</b> |

Total of Highlighted Areas

**\$1,622,806**

## POSSIBLE FUTURE RDA PROJECTS

| Recommended for Future Funding                                 | Funding Request   |
|--|-------------------|
| Additional Funding for PD Building Construction                | 13,622,806        |
| Cabrillo Pavilion Arts Center Renovation (Des./Construction)** | 6,375,000         |
| Library Plaza (Construction scheduled for FY 2013)*            | 2,000,000         |
| Lower Milpas Pedestrian Improvements                           | 850,000           |
| Cabrillo Ballfields Renovation                                 | 850,000           |
| West Downtown Neighborhood Lighting Project Phase III          | 750,000           |
| West Downtown Neighborhood Lighting Project Phase II           | 750,000           |
| Library Renovation (Children's Section and Lower Level)        | 550,000           |
| Community Arts Workshop (CAW) Additional Funding               | 500,000           |
| RDA Parking Lot Upgrade at 235 State Street                    | 450,000           |
| East Beach & West Beach Playground Replacement                 | 350,000           |
| Chase Palm Park Renovation                                     | 350,000           |
| Chase Palm Park Playground Replacement                         | 200,000           |
| Waterfront Signage Program                                     | 25,000            |
| <b>Total Funding Request</b>                                   | <b>27,622,806</b> |
|  |                   |
| Remaining Unfunded Projects                                    | Funding Request   |
| Chapala Street Corridor Improvements                           | 2,500,000         |
| Downtown Sidewalk Improvements (Ortega, Cota, Haley)*          | 2,200,000         |
| Laguna Pump Station/Channel Facilities Upgrades                | 1,300,000         |
| Mason Street Bridge  | 1,100,000         |
| Parking Structure No. 10 Public Restroom                       | 500,000           |
| Mission Lagoon Restoration                                     | 500,000           |
| Cota Street Bridge at Mission Creek                            | 430,000           |
| Lower Mission Creek Historic Study                             | 370,000           |
| De La Vina/Figueroa Intersection Improvements                  | 350,000           |
| De La Vina/Canon Perdido Intersection Improvements             | 350,000           |
| Parking Lot No. 2 Paseo Improvements                           | 300,000           |
| Access Ramps in Project Area                                   | 300,000           |
| Parking Structure No.7 (Library) ADA Improvements              | 200,000           |
| Parking Structure No.10 Paseo Improvements                     | 200,000           |
| Haley/Anacapa Intersection Improvements                        | 150,000           |
| Downtown Street Lighting Plan                                  | 40,000            |
| RDA Community Grant Process for FY 2012                        | tbd               |
| Affordable Housing Activities - Additional Funding             | tbd               |
| <b>Total Funding Request</b>                                   | <b>10,790,000</b> |

\*Design Funded in FY 2010

\*\* Assessment Study Funded in FY 2011