

COUNCIL MEMBERS

MAYOR RICHARD S. CLAIRE
VICE MAYOR JEFF IRA

COUNCIL MEMBER JIM HARTNETT
COUNCIL MEMBER DIANE HOWARD
COUNCIL MEMBER COLLEEN M. JORDAN
COUNCIL MEMBER BARBARA PIERCE
COUNCIL MEMBER IRA RUSKIN

AGENDA

CITY COUNCIL CITY OF REDWOOD CITY

1017 MIDDLEFIELD ROAD • P.O. BOX 391
REDWOOD CITY, CALIFORNIA 94064-0391
www.redwoodcity.org

CITY COUNCIL CHAMBER

NOTICE AND AGENDA SPECIAL MEETING OF THE COUNCIL OF REDWOOD CITY

INTERVIEW SESSION CONFERENCE ROOM 2B TELECONFERENCE

July 29, 2002

5:00 p.m.

(dinner will be provided)

This meeting will be conducted as a Teleconference Meeting
Locales shall be City Hall and 907 Katherine Avenue, Redwood City, CA

1. CALL TO ORDER
2. ROLL CALL
3. PUBLIC COMMENT
4. INTERVIEWS

GROUP INTERVIEWS FOR MEMBERSHIP ON COUNCIL APPOINTED BOARDS, COMMITTEES AND COMMISSIONS;

Groups of 2 will be allocated 10 minutes, groups of 3 will be
allocated 15 minutes, and groups of 4 will be allocated 20 minutes.

A. Housing and Human Concerns Committee (5 vacancies)

(5:00 p.m. to 5:20 p.m.)

- Janet Borgens
- Jaime Hunt
- Denise Lewis
- Bonnie Miller

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CITY COUNCIL CHAMBER

**CITY COUNCIL
REDEVELOPMENT AGENCY
BUDGET STUDY SESSION NO. 2
TELECONFERENCE
JULY 29, 2002
7:00 p.m.**

This meeting will be conducted as a Teleconference Meeting
Locales shall be City Hall and 907 Katherine Avenue, Redwood City, CA

***PLEASE TURN OFF ALL ELECTRONIC EQUIPMENT SUCH AS CELLULAR
TELEPHONES AND PAGERS, AS THESE CONSTITUTE A DISTURBANCE
TO THE NORMAL PROCEEDINGS OF THE STUDY SESSION***

***ATTENTION SPEAKERS:** Please see footnotes following agenda items.

(Concurrent Session of City Council and Redevelopment Agency)

The City Council and Redevelopment Agency Budget Study Sessions will be called to order simultaneously. The Redevelopment Agency Budget Session will begin immediately following item 4 on the agenda.

1. CALL TO ORDER
2. ROLL CALL
3. ORAL COMMUNICATIONS

This agenda category is limited to 15 minutes to be allocated as determined by the Mayor. If you wish to address the Council, please complete a speaker's card (next to agendas) and give it to Council Volunteer Art Balsamo (seated to the left of the Council Members.) If your subject is not on the agenda, the Mayor will recognize you at this time; but the Brown Act (Open meeting Law) does not allow action by Council at this time. If you wish to speak to a subject listed on the agenda, you will be recognized by the Mayor at the appropriate time your item of interest is being considered by Council.

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4. **PROPOSED 2002/2004 BUDGET STUDY SESSION No. 2**
 - 4.A. **INTRODUCTION AND WELCOME - Ed Everett, City Manager**
 - 4.B. **FOLLOW-UP ITEMS FROM JULY 22ND, 2002 STUDY SESSION – Ed Everett, City Manager**
 - 4.C. **ENTERPRISE FUNDS -**
 - i) **Water - Peter Ingram, Public Works Services Director**
 - ii) **Sewer - Peter Ingram, Public Works Services Director**
 - iii) **Port - Mike Giari, Port Director**
 - **Public Comments and Questions**
 - **Council Comments and Questions**
5. **REDEVELOPMENT AGENCY - Mike Church, Planning and Redevelopment Director**
 - **Public Comments and Questions**
 - **Board Comments and Questions**
6. **GENERAL COMMENTS AND QUESTIONS ON THE ENTERPRISE FUNDS AND REDEVELOPMENT AGENCY RECOMMENDED BUDGETS – Ed Everett, City Manager**
 - **General Comments and Questions on this Evening's Presentations**
7. **SUMMARY OF FOLLOW-UP ITEMS – Ed Everett, City Manager**
8. **ADJOURNMENT**

MOTION: TO ADJOURN TO CLOSED SESSION IN CITY COUNCIL CAUCUS ROOM;

***SPEAKERS, ATTENTION:** Speaker's cards are on the rostrum. If you wish to speak, please complete the card and give it to Council Volunteer Art Balsamo (seated to the left of the Council Members). The Mayor will recognize you at the appropriate time when your item is under consideration by the Council. If your item is not on the agenda, the Mayor will recognize you during the Oral Communications portion of the Council meeting. Please keep your comments to 3 minutes to allow for others to speak.



REPORT

To Redevelopment Agency Board
From the Executive Director

July 29, 2002

Subject

Review of Redevelopment Agency Budget for 2002-2003

Recommendation

Staff recommends that the Agency Board review this document in study session on July 29, 2002 and then adopt the Agency budget by motion on August 5, 2002.

Background

This budget meets the requirements of Section 33606 of the Health and Safety code with regard to Redevelopment budgets including the following:

- Proposed expenditures of the Agency
- Proposed indebtedness to be incurred by the Agency
- Anticipated revenues
- Work program for the coming year, including goals
- Examination of the previous year's achievements and a comparison of the achievements with the goals of the previous year's work program

The City is in the process of adopting the Downtown Area Plan and the Redevelopment Agency will be a major tool to implement the Area Plan. This proposed budget reflects the Downtown Area Plan in a number of significant ways, including:

- Funding to begin planning and design for the Courthouse Plaza at Broadway and Middlefield Road.
- Implementing the City Council's "nice places" policy by funding improvements to the Plaza between City Hall and City Center Plaza.
- Creating a financing source to deal with downtown parking.
- Funding for the Retail/Cinema project.

Fiscal Impact

The Agency's total revenue in 2002-03 is anticipated to be \$7,200,913. \$2,290,472 of this is allocated to the Agency Housing Fund and is reserved for affordable housing projects and programs. The balance of \$4,910,441 goes to the Agency General Fund and funds the Agency's economic development and downtown activities.

5-2

Alternatives

Agency budgets tend to get amended fairly frequently as projects change during the year. This one is even more likely to change as the City Council's plans for the Downtown take shape over the next 6-9 months.



Michael Church
Executive Director



Ed Everett
City Manager

**REDEVELOPMENT AGENCY
OF
THE CITY OF REDWOOD CITY**

Final Fiscal Year 2002-2003 Budget

INTRODUCTION

The Redevelopment Law requires the adoption of an annual budget that contains the following items:

- I. **Review of 2001-2002 Work Program**
- II. **Projected Revenues and Expenditures and Work Program for 2002-2003**
- III. **Proposed Indebtedness for 2002-2003**

The following sections provide the details for these three items.

I. REVIEW OF 2001-2002 WORK PROGRAM (HISTORY)

The following goals were defined in the Agency's 2001-2002 budget. They were divided into 'housing', and 'economic development' categories. They are reviewed in this same order:

Housing

1. **First Time Home Buyer Program**

The program was funded at \$1,000,000 in 2001-02. The program made ten \$100,000 silent second mortgages during the year. Over the 2+ year life of the program 18 loans have been made, assisting five teachers (three elementary, two high school), two City employees, six county employees and five people working for other firms/agencies in Redwood City (including Canada College, St. Vincent de Paul, Applied Bio-systems and Macromedia)

2. **Housing Projects**

\$239,000 was allocated to this activity during 2001-02. Some of these funds were used to finance various professional services (environmental review, lead and asbestos abatement, demolition of four buildings, and fencing to secure the property) associated with the El Camino/Vera housing site.

3. **Home Improvement Loans**

The Home Improvement Loan Program is primarily funded from federal Community Development Block Grant (CDBG) funds. \$200,000 in Redevelopment funds was budgeted to supplement federal monies by providing funding for lead paint inspections and removal of lead hazards; and to provide aesthetic improvements in low-income neighborhoods by providing painting grants and other improvements not permitted with federal funds.

4. **El Camino/Vera Housing Site**

During 2001-02 four residential and one business tenant occupying the site were relocated, the structures demolished, and environmental analysis of the site completed.

5. Casa de Redwood

Casa de Redwood is a 139 unit senior housing project located at 1280 Veterans Boulevard. Both the City CDBG program and the Redevelopment Agency are funding this project which includes the replacement of windows and balcony doors. The work is in-progress.

6. Douglas Avenue House

The Agency purchased this duplex from the City. The next steps will be rehabilitation of the two units and working with the school district to ensure that this property can be used as teacher housing.

Economic Development

1. Maple Street Child Care Site

The Agency began acquisition of a potential childcare site on Maple Street, adjacent to the new Franklin Apartments. During concept design for this site it was determined that the facility should ideally accommodate 100 children. The only way to achieve this was to box culvert the adjacent creek and to abandon and close Lathrop Street. The cost for box culverting was determined to be more than the cost to acquire the site. Given the rapidly escalating site costs, staff worked to locate other sites. One alternative in the downtown is being examined now and will be brought to the Board for consideration in 2002-03.

2. Downtown Plan

The Downtown Area Plan was completed in October and presented to the City Council in November 2001. The next step will be hearings before the Planning Commission which are scheduled to start in August 2002.

3. Implementation of the Economic Development Strategy

During 2001-02 the Agency held a Business Appreciation Event and concluded an agreement with the Auto Dealer Group for the lease of land in the Marina sub-Area for storage of new vehicles. However, for most of the year, the Economic Development Coordinator was working almost full-time as the project manager for the Retail/Cinema Project.

4. Storefront Improvement Program (SIP)

The SIP program has been operating for ten years. In 2001-02 SIP rebates were made on the following properties:

- Auto Start, 1903 El Camino Real
- Teddy Bear Stuffers, 847-49 Main
- Los Portales, 2090-2098 Broadway

5. Jefferson Avenue Crossing

Funds (\$125,000) for this project were appropriated in the Agency budget. The crosswalk adjacent to the downtown post office was discussed in association with the Downtown Retail/Cinema project and a decision whether to install the crosswalk will be made when

the Cinema project begins construction.

6. Retail/Cinema Project

The original Disposition and Development Agreement (DDA) approved in 2001 envisaged the development of retail space and the cinema on block one (the block bounded by Broadway, Jefferson and Middlefield) with an office building and an 800 space parking garage on block two. In 2001 the office market crashed. The proposed office building on block two became unfinanceable and with the loss of the revenue from the office, the developer was no longer able to finance the construction of the parking garage. Staff and the developers have been in intensive discussions over how to restructure the deal ever since.

II. PROJECTED REVENUES AND EXPENDITURES AND WORK PROGRAM FOR FISCAL YEAR 2002-2003

The Agency receives revenue solely from the property tax increment on property within the redevelopment area, and from interest on fund balances. Upon receipt, this revenue is divided into two funds. These funds are identified as: **Fund 806 -- Housing General Fund**; and **Fund 807 -- Agency General Fund**.

In 2002-2003, the Agency is projecting to receive \$7,200,913 in revenue, divided as follows:



The Agency work program for 2002-03 is shown following. As already noted some of the following projects (Cinema, Parking, and City Hall Plaza) already reflect the Downtown Area Plan. More project proposals will be made to the Agency Board in the coming months that will require amendments to this budget:

Redevelopment Revenues and Expenditure 2002 - 2003

Budget for 02-03	Fund 806 Housing	Fund 807 General	Total
Beginning Balance 7/1/02	1,818,825	3,963,890	5,782,715
Revenue/Interest	2,290,472	4,910,441	7,200,913
On-Going Expenditures			
39966 Debt Services	305,004	1,220,016	1,525,020
66410 Administration	1,260,072	1,458,264	2,718,336
66418 Cinema Land Payment	0	42,321	42,321
66411 Tax Apportionment	0	877,000	877,000
66454 Sequoia Station	0	300,000	300,000
Sub-Total	1,565,076	3,897,601	5,462,677
Expenditures:			
66321 Housing relocation	50,000	0	50,000
66455 First Time Homebuyer	500,000	0	500,000
66471 Home Improvement Loans	300,000	0	300,000
71623 El Camino Housing	625,000	0	625,000
71643 Douglas Avenue	50,000	0	50,000
66429 Economic Development	0	286,892	286,892
66464 Storefront Improvement	0	60,000	60,000
71343 Cinema	0	100,000	100,000
71403 Childcare Site Acquisition	0	500,000	500,000
71453.94 City Hall Plaza	0	200,000	200,000
71463.94 Parking	0	2,000,000	2,000,000
Total Expenditures	3,090,076	7,044,493	10,134,569
Ending Balance 6/30/03	1,019,221	1,829,838	2,849,059

The companion detail in the City budget document can be found on pages CDS – 31 and 33. The numbers in the above revenue and expense spreadsheet include debt service costs and capital projects not included in the totals in the City budget document¹.

The Redevelopment Agency's only major revenue source is property tax increment. This is typically received in two payments in December and April of each year. The infrequency of the revenue flow means that to avoid the necessity to borrow from the City, the Agency must retain an ending year balance sufficient to carry it from June to December. The

¹ With regard to fund 806, the total expenditures are \$3,090,076. Subtracting from this the two capital projects totaling \$675,000, and the debt service cost of \$305,004, gives the amount of \$2,110,072 shown on page CDS – 31 of the City Budget.

above revenue and expenditure summary proposes expenditures in excess of revenues, only possible because of beginning fund balances. The various projects are described following:

On-Going Expenditures

Debt Service

The payments made on the 1997 bond issue.

Administration

The costs for direct and indirect staff and supplies and services. These costs are discussed in more detail in the City budget document.

Cinema Land Payment

In 1998 the Agency acquired a piece of land from the Redwood City School District in exchange for a parcel of Agency land and an annual payment of \$42,321². This reflects the third annual installment of this payment.

Tax Apportionment

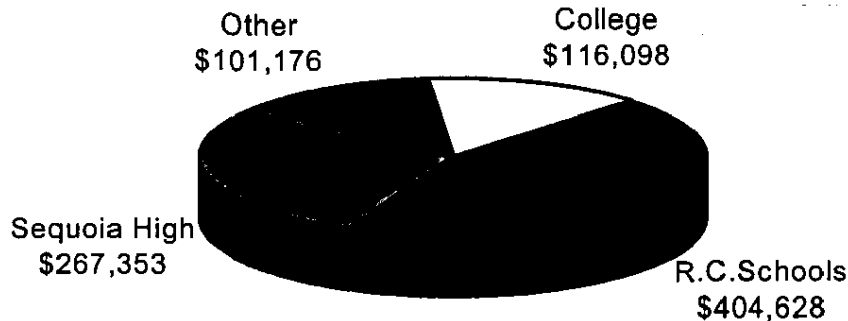
This reflects the payments the Agency must make to other taxing agencies under agreements reached in 1989. Redevelopment Law required that the Agency meet and confer with all affected taxing agencies, and allowed the Agency to enter into tax sharing arrangements with such affected agencies. The Redevelopment Agency has such tax sharing agreements with the following agencies:

- San Mateo County Community College District
- Sequoia Union High School District
- Redwood City School District
- San Mateo County Office of Education
- Mid-Peninsula Open Space District
- Mosquito Abatement District
- San Mateo County Harbor District
- San Mateo County

Prior to the establishment of the Redevelopment Agency these taxing entities received the following percentage of each property tax dollar collected.

² This payment was to continue for fifteen years.

Funds to Other Agencies in 2001-02



After the Redevelopment Agency was established these taxing entities continued to receive the property tax they collected prior to redevelopment, inflated by up to 2% per year allowed under Proposition 13. They also receive from the Redevelopment Agency 40% of the growth in the property tax (the tax 'increment') generated since the Redevelopment Agency was established. The preceding pie chart shows how much they actually received from Redevelopment in 2002-03.

Sequoia Station

Continuing payments prescribed under the Disposition and Development Agreement for this project.³

Other Proposed Expenditures in 2002-03

Housing Relocation

Relocation payments extend for 48 months under State law. These funds will be used to continue payments to the residential tenants moved from the El Camino/Vera site.

First Time Homebuyer Program

Funds to continue the program in 2002-03. It is anticipated that this will fund five loans.

Home Improvement Loan Program

These funds will be used to complement the federal CDBG funds by financing such items as lead paint removal that are not eligible federal expenses.

El Camino Housing

Funds to assist implementation of this housing development. The intention of the Agency is that 45% of the units be offered for rental first to teachers and that all the units will be affordable to low and moderate-income households.

³ These payments end in 2014

Douglas Street

This property will be rehabilitated in 2002-03 and then used for teacher housing.

Economic Development Strategy

This describes the funds available to operate the Agency's economic development initiatives in 2002-2003. During this year the Economic Development Coordinator will be updating the Economic Development Strategy and working with the Downtown Manager to promote Downtown.

Storefront Improvement Program

Continued for a further year at \$60,000.

Cinema

These funds will be used to assist the Agency in it's planning for and implementation of the Cinema project.

Childcare Project Costs

Funds to implement the Agency's plans for a 100 child center in the Downtown.

City Hall Plaza

Funds to install the planned fountain and other modifications to the plaza between City Hall and City Center Plaza.

Parking

Funds to assist the City to provide additional parking in the downtown.

III. PROPOSED INDEBTEDNESS FOR 2002-2003

Health and Safety Code Section 33606 requires the Agency's annual budget to contain information about any proposed indebtedness to be incurred by the Agency. Redevelopment Agency's are required by the State Constitution to only be able to receive tax increment if they have first generated debt. The Agency can only make a claim on tax increment from the County to the extent that it has debt that equals or exceeds the amount requested.

One of the principal methods of establishing debt is a bond issue. Most agencies in the state use this approach. Redwood City issued tax allocation bonds in 1991 (refunded in 1997). Most of the improvements in downtown already completed (Climate Best signs, Broadway Sidewalks, Main Street Improvements, Marshall Street Parking Garage) were funded from this bond issue.

This budget contains initial planning funds for some major projects such as the Courthouse Plaza and downtown parking, but the Agency alone does not have cash on hand to fund all these projects. Assuming the Agency Board wishes to actively pursue these projects, staff will make a recommendation on the practicality and possible sizing of a bond issue during this budget year.

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NOTICE AND AGENDA SPECIAL MEETING OF THE COUNCIL OF REDWOOD CITY

CLOSED SESSION
COUNCIL CAUCUS ROOM

July 29, 2002

7:00 P.M.

(or immediately following Council Budget Study Session No.2)

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **PUBLIC COMMENT** (Members of the public may comment on any item on the agenda at this time).
4. **CLOSED SESSION –**
 - A. Conference with Legal Counsel on Anticipated Litigation (Government Code § 54956.9); [1] Potential Case;
5. **RECONVENE IN OPEN SESSION**
6. **ADJOURNMENT**

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