

PLACER COUNTY
REDEVELOPMENT AGENCY

MEMORANDUM

TO: Honorable Members of the Redevelopment Agency Board
FROM: Thomas M. Miller, Director
James LoBue, Deputy Director
DATE: July 26, 2011
SUBJECT: Report on Prioritization for the North Lake Tahoe Redevelopment Project Area Five Year Implementation Plan

ACTION REQUESTED

Accept a report on prioritization for the North Lake Tahoe Redevelopment Project Area Five Year Implementation Plan.

OTHER RECOMMENDATIONS

On April 14, 2011 and May 12, 2011 the North Tahoe Regional Advisory Council (NTRAC) heard presentations and discussed the North Lake Tahoe Redevelopment Project Area Five Year Implementation Plan (Implementation Plan). On July 14, 2011, NTRAC reviewed the attached FY 2011-12 Agency work program approved by your Board in June 2011, took public comment, and asked staff to return at their next meeting with recommended priorities.

BACKGROUND

On May 24, 2011, your Board approved the Implementation Plan for the North Lake Tahoe Redevelopment Project Area (Project Area). This plan describes the redevelopment goals, accomplishments, and activities of the past five years, as well as the goals and plans for projects, programs, investments, activities, and collaboration efforts for the next five years in the Project Area. The Implementation Plan also outlines the goals and plans for housing production and replacement for the next ten years. At the May 24, 2011 meeting your Board also directed staff to analyze prioritization of redevelopment projects, programs, activities, and investments included in the Implementation Plan and to report findings at today's Board meeting.

A major factor influencing the future of redevelopment activities in the Project Area is the impact of State legislation related to the potential elimination of redevelopment and redirection of redevelopment revenues and assets. At an upcoming meeting, the Board of Supervisors will consider an ordinance to commit to a voluntary payment program that would remove an estimated \$3,806,964 from the FY 2011-12 Redevelopment Agency (Agency) Budget and redistribute those funds primarily to local school districts. If the payment is made, an estimated approximately \$2,000,000 of the payment will be taken from the Project Area, meaning that much less funding would be available for Project Area projects, programs, and activities. The State legislation is also expected to require the Agency to pay additional redevelopment funds on an ongoing annual basis equal to approximately 24% of the FY 2011-12 payment, as adjusted by annual changes in overall Agency revenue and debt service.

With that in mind, the Agency is currently not in a position to be able to commit to funding additional projects and programs in the near future. It will be a challenge for the Agency to be able to continue its commitment to implement the projects, programs, and activities included in the approved FY 2011-12 Work Program.

Nevertheless, redevelopment typically plans and operates with multi-year horizons. While the Agency may need to pull back on some implementation ambitions in the short run, it is still committed to pursuing its identified goals and implementing its key projects and programs. A simple answer to the question of what are the Agency's priorities for carrying out the Implementation Plan is to carry out the approved FY 2011-12 Work Program (see attached). The specific projects and programs included in this Work Program are:

- Lake Forest Water District Improvements
- Tahoe Vista Recreation Area Improvements
- Tahoe City New Fire Station
- Tahoe City Wye Improvements
- Commercial Districts Support – including support for the North Tahoe Business Association and Tahoe City Downtown Association and financial support for individual commercial businesses and properties through the Commercial Loan Program
- Swiss Mart Property Cleanup and Redevelopment
- Kings Beach Eastern Gateway Cleanup and Redevelopment
- Kings Beach Everett Property Public Parking Lot
- Ferrari Family Resort Mixed-Use Redevelopment Project
- Kings Beach Town Center BB LLC Project
- Kings Beach Commercial Corridor Improvement Project
- Community Enhancement Projects Infrastructure Improvements
- Deer-Rainbow Public Parking Lot
- Kings Beach Everett Property Commercial or Mixed-Use Redevelopment Project
- Housing Assistance Programs – including First Time Homebuyer Assistance Loan Program, Housing Rehabilitation Assistance Loan Program, and Neighborhood Stabilization Program
- Kings Beach Scattered Sites Housing Project
- Operation and Maintenance of Agency-owned Properties

Eventually, the Agency does expect to have at its disposal sufficient resources to be able to consider additional project and program investments. It is anticipated that the Agency's highest priorities will be to continue to assist, as needed, the projects and programs already in the Agency's Work Program. However, the Agency will also want to be able to respond to newly identified community needs and project implementation opportunities as they arise. Agency staff will review the following priorities with NTRAC and report back to your Board:

Highest Priorities

Continued support for targeted redevelopment projects that the Agency has already invested in:

- Kings Beach Eastern Gateway
- Swiss Mart Project
- Everett Commercial or Mixed-Use Project
- Kings Beach Town Center BB LLC Project

- Kings Beach Scattered Sites Housing Project

Key public improvement projects that the Agency has already invested in:

- Kings Beach Commercial Core Improvement Project (CCIP)
- Tahoe Vista Recreation Area Improvements
- Lake Forest Water District Improvements

Commercial Loan Program

- Especially at blighted properties and fronting the CCIP

Housing Assistance

- Housing rehabilitation assistance
- Workforce housing development or acquisition-rehab projects

Lodging Projects

- New or improved and expanded lodging projects as recommended in the Tahoe Prosperity Plan and the Agency study 'Economic and Redevelopment Strategies for Tahoe City and Kings Beach'

Other Priorities

- Remove blight
- Mixed-use transit-oriented development at commercial nodes
- Streetscape improvements on key roads – SR 28, SR 89, National Avenue
- Community attractions – arts, culture, recreation centers, visitor centers
- Needed infrastructure improvements – roads, transit shelters, water, sewer, storm drains, water quality facilities, overhead utilities undergrounding

When considering future commitments and investments it is recommended that the Agency continue to judge these decisions based on basic underlying principles of good land use planning, design, financial planning, and strategic planning. Specific guidelines to consider are:

Invest in projects/programs that are feasible/sustainable

- Financially feasible
- Permittable
- Site and infrastructure constraints not too extreme

Choose projects with high benefit/cost ratios

- Leverage other funds
- Look for economic, social, and environmental benefits to the larger community, not just to the individual property owner and immediate neighbors
- Consider indirect benefits to the larger community – encourage others to invest and improve the surrounding properties
- Fund enhancements to turn so-so projects into exceptional projects

Spread redevelopment benefits

- Assistance to separate communities
- Large and small projects

- Support owners and renters, residents and visitors, young and old, commercial and residential

Invest only where we are really needed

- Fill funding gaps
- The 'but for' test – "...but for the assistance of redevelopment, the project could not happen"

FISCAL IMPACT

No specific expenditure authorizations or funding commitments are proposed at this time.

ENVIRONMENTAL REVIEW

The proposed action is acceptance of a report, which is an administrative action and does not constitute a project. It is exempt from environmental review per the California Environmental Quality Act (CEQA), CEQA Guidelines Section 15378 (b) (5).

Attachments: FY 2011-12 Agency Work Program for the North Lake Tahoe Redevelopment Project
Area

cc: Karin Schwab, Agency Counsel

FY 2011-2012 REDEVELOPMENT AGENCY WORK PROGRAM
North Lake Tahoe Redevelopment Project Area
Adopted by the Placer County Redevelopment Agency Board of Directors
6-21-11

The Redevelopment Agency operates under the goals, guidelines and regulations established in California Community Redevelopment Law and the adopted Redevelopment Plans and Five Year Implementation Plans for the Agency's three Redevelopment Project Areas – North Auburn, Sunset Industrial and North Lake Tahoe. The Agency's overall goals, described in its plans, include:

- Eliminate blighting conditions
- Rehabilitate, redesign and/or redevelop deteriorated and underutilized areas
- Improve infrastructure and public facilities
- Improve environmental hazards and deficiencies
- Revitalize commercial areas
- Promote private investment and improvement of deteriorated private properties
- Provide employment opportunities
- Improve the supply, quality and availability of affordable housing

NORTH LAKE TAHOE PROJECT AREA

COMMERCIAL, MIXED USE AND PUBLIC FACILITIES DEVELOPMENT PROGRAM

1. Lake Forest Water Improvements – In FY 2010-2011 the Agency Board authorized a Funding Agreement with the Tahoe City Public Utility District to fund a project to replace water mains and install fire hydrants and associated infrastructure improvements in the main commercial district of the Lake Forest Community. This budget includes \$408,974 to cover those costs as well as staff processing costs.
2. Tahoe Vista Recreation Area Improvements – In FY 2010-2011 the Agency Board authorized a Funding Agreement with the North Tahoe Public Utility District to fund a project to install a parking lot and associated streetscape improvements for the Tahoe Vista Recreation Area. This budget includes \$507,189 to cover those costs as well as staff processing costs.
3. Tahoe City Fire Station – The Agency anticipates entering into a Funding Agreement with the North Tahoe Fire Prevention District to assist with the construction costs of a new fire station being built by the District in Tahoe City. This budget includes \$520,000 to cover those costs.

4. Tahoe City Wye Improvements – The Agency is budgeting \$200,000 for improvements to the Wye area located at the intersection of Highways 89 and 28 in Tahoe City.
5. North Lake Tahoe Commercial Improvements – In FY 2011-2012 \$154,060 is budgeted for programs to support the recruitment and retention of businesses, planning and coordination with business associations, new commercial, industrial, office and mixed use development and rehabilitation of existing private properties. Specific planned activities include:
 - A. Commercial Façade and Rehabilitation Loan Programs
 - B. Continued coordination and support of the North Tahoe Business Association, Tahoe City Business Association and North Lake Tahoe Chamber of Commerce for the planning, implementation and construction impact mitigation of future redevelopment, rehabilitation and infrastructure and public facilities improvement projects
 - C. Continued outreach and assistance for individual business and commercial property owners to address infrastructure deficiencies, permit processing challenges, and property and business improvement planning and development needs.
6. Swiss Mart Project – The Agency continues to work with the Lahontan Regional Water Quality Control Board (Lahontan) to complete the site remediation on the Swiss Mart property in Kings Beach and has budgeted \$66,770 for those continuing efforts in FY 2011-2012. In addition the budget provides for an additional reserve of \$93,540 to carry over into the following fiscal year for the anticipated costs to complete the cleanup effort and make the site ready for new redevelopment.
7. Kings Beach Eastern Gateway – The Agency also continues to work with Lahontan to complete site remediation for the Eastern Gateway site in Kings Beach and has budgeted \$391,689 to remove contaminated soil, complete remediation activities and make the site ready for redevelopment. Once the remediation is complete, the Agency plans to market the site for redevelopment proposals and the budget also provides for a reserve of \$248,225 to carry over into the following fiscal year for the anticipated additional costs of the future redevelopment project.
8. Everett Parking Lot – The Agency is budgeting \$1,200,000 to design and construct a public parking lot and associated infrastructure improvements on a portion of the Agency-owned Everett Property in Kings Beach.
9. Ferrari Family Resort – The Agency is budgeting \$20,000 to cover further planning and design costs for the Ferrari Family Resort Community Enhancement Program project in Kings Beach.

10. BB LLC Kings Beach Town Center Project – The Agency is budgeting \$129,504 in FY 2011-2012 to pay for design and environmental review costs for the Kings Beach Town Center Project. These costs are tied to a previously approved Predevelopment Loan Agreement between the Agency and developer BB LLC. In addition, the budget provides for a reserve of \$169,308 to carry over into the following fiscal year for anticipated costs to complete design and begin construction on the mixed use development project.
11. Kings Beach Commercial Core Improvement Project – The Agency has committed to contribute a total of \$11,000,000 for the CCIP and has already spent a portion of those funds on associated parking lots, land purchases and environmental studies. For FY 2011-2012 the budget includes \$3,379,895 additional funding to be made available for the County Public Works Department on design, construction and project management costs. In addition, the budget provides for an additional \$1,109,509 of Agency reserve funds to be carried over to Fiscal Year 2012-2013 for future project costs.
12. Community Enhancement Program Infrastructure – The budget provides for \$2,279,411 of Agency bond proceeds to carry over to future fiscal years for anticipated infrastructure improvement costs associated with multiple CEP projects in Kings Beach.
13. Deer-Rainbow Parking Lot – The budget includes \$722,512 for design and construction costs of the Deer-Rainbow public parking lot project in Kings Beach. The Agency previously approved a service agreement with County Public Works for the Agency funding to assist the Public Works project.
14. Everett Commercial Project – The Agency is budgeting \$318,198 in FY 2011-2012 and \$33,198 in reserves for FY 2012-2013 for design and site preparation costs of the Agency-owned Everett site in Kings Beach. The front portion of this site is planned for a mixed use private development.

AFFORDABLE HOUSING PROGRAM

15. Housing Assistance Programs – The Agency is budgeting \$955,799 for the First Time Homebuyer Assistance Loan Program, Housing Rehabilitation Assistance Loan Program and support for the Neighborhood Stabilization Program and planning activities for potential future affordable housing projects. The loan programs are primarily funded by outside grants and program income.

16. Kings Beach Scattered Sites Housing Project – For FY 2011-2012 the Agency has budgeted \$4,210,187 for construction and construction management activities of the housing development at five separate sites in Kings Beach. The funding comes primarily from outside grants. The budget also includes a reserve of \$165,630 to carry over into the following year for construction management and project closeout costs.

PLANNING, ADMINISTRATION AND DEBT SERVICE

17. Planning, Administration and Debt Service – The Agency has budgeted \$3,473,186 for the overall administration of the North Lake Tahoe program, including staffing, overhead, office space, accounting support, legal support, future planning activities, various consultant services and debt service for multiple bonds and loans. The budget also includes a reserve of \$706,746 to carry over into the following fiscal year to pay off a California Housing Finance Agency loan that is due in FY 2012-2013.
18. Operation and Maintenance of Acquired Properties – The Agency owns and rents several properties in the Project Area, including public parking lots and future development sites. To continue to secure and maintain these properties \$170,382 is included in the budget.

COMMUNITY GRANTS AND PROGRAM INCOME

19. Agency Management of County Grants and Program Income – The Agency manages multiple grants, loans and program income sources on behalf of the County (e.g. HOME, CalHome, IIG, NSP, CalHFA); \$380,470 is included in the budget to cover Agency costs of managing these programs.