

PLACER COUNTY

COMMUNITY DEVELOPMENT GRANTS AND LOANS

MEMORANDUM

TO: Honorable Members of the Board of Supervisors
FROM: Richard E. Colwell, Chief Assistant CEO
DATE: February 24, 2009
SUBJECT: Adopt Resolutions to: 1) Authorize the Chief Assistant CEO to Execute a Subrecipient Agreement in an Amount Not to Exceed \$1,804,906 with the Placer County Redevelopment Agency for the Management of the Rock Creek Plaza Project and Approve the Required Budget Revision in the Amount of \$305,250; and 2) Make Findings Pursuant to Section 33445 of the Health and Safety Code.

Richard E. Colwell

ACTION REQUESTED

Adopt resolutions to: 1) Authorize the Chief Assistant CEO to execute a subrecipient agreement in an amount not to exceed \$1,804,906 with the Placer County Redevelopment Agency (Agency) for the management of the Rock Creek Plaza project and approve the required budget revision in the amount of \$305,250; and 2) Adopt a resolution making findings pursuant to Section 33445 of the Health and Safety Code.

BACKGROUND

On February 26, 2008 your Board authorized the submission of a grant application to the State of California Department of Housing and Community Development (HCD) Community Development Block Grant (CDBG) Program for an amount up to \$2,000,000 in support of public improvements associated with the Rock Creek Plaza remodel (Project) located at the corner of Highway 49 and Bell Road. The Board actions also authorized the execution of a Grant Agreement between the County of Placer (County) and HCD. The County was successful in its application and was awarded a grant of \$1,804,906 from HCD. A Grant Agreement between the County and HCD has been executed.

Rock Creek Plaza, located at the southeast corner of Highway 49 and Bell Road, was originally built in 1980. From that time until the latter part of 2008, the center had never been substantially remodeled or updated. Auburn Plaza Co., Ltd. (Developer) was granted a Conditional Use Permit by the County in October 2007 to begin remodeling the center. Phases I and II of the project are complete and include parking lot improvements and remodeling of the majority of the center facades, with new tenants, Best Buy and BevMo!, anchoring space previously occupied by Ralph's grocery store.

On September 9, 2008, your Board authorized the execution of a Community Development Agreement (Agreement) between the County and Developer which outlines the roles and obligations of each party in implementing the grant. The County is required to construct public

improvements such as landscaping and sidewalk improvements along State Highway 49 and Bell Road and re-paving of Quartz Drive in support of the Developer's project.

At the September 9, 2008 meeting, the Board also authorized Agency employees to act on behalf of the County as project managers for the activities required in conjunction with the design and construction of the public improvements, required to be installed by the County, in accordance with the Agreement. Section 7.6 of the Agreement memorialized this arrangement with the Developer in which the parties acknowledge that the Agency shall act on behalf of the County in connection with the bidding, award, and management of construction of the public improvements and the administration of the CDBG Grant. The Agency will continue to utilize support services from the County Department of Public Works to supplement the engineering review and field inspection expertise of a contracted construction engineer.

HCD is requesting that the County enter into a Subrecipient Agreement (attached) with the Agency to solidify the Agency's roles and responsibilities in implementing the HCD grant on behalf of the County.

Lastly, in order for the Agency to utilize tax increment funding for public improvements, under the California Community Redevelopment Law (Health and Safety Code section 33445) your Board must make certain findings. The Board must make the findings that: (1) the provision of such public improvements is necessary to effectuate the purposes of the redevelopment plan and assist in the elimination of one or more blighting influences; (2) that the project will benefit the North Auburn Redevelopment Project Area (Project Area); and (3) that there are no other sources of funding to complete the project.

The public improvements will assist with improving pedestrian, bicycle, and vehicular access and circulation. Sidewalks will be installed along State Highway 49 where none currently exist to improve pedestrian safety and mobility. The Project is of benefit to the Project Area and supports commercial development and vehicular access along Highway 49. As mentioned earlier, the Agency adopted a resolution designating the Developer's Project and Agency's Project as a blighted area as defined by the California Redevelopment Law. The County has secured an HCD grant to fund the majority of costs associated with the Project and the Agency's funding portion is estimated to be approximately \$15,000. There are no other reasonable means of financing the Project.

FISCAL IMPACT

Improvements to the private property will result in reassessment of the property and increased property tax revenue to the County. The cost of the public improvements will be paid by the Federal grant passed through the State. The County has been granted \$1,804,906 in CDBG funds for this Project. The Grant Agreement between the County and HCD obligates the County to install the public improvements and the Developer to create local jobs through the improvement and expansion of the shopping center. The Agreement obligates the shopping center property owner to pay for cost overruns beyond the amount of the grant. The proposed Agreement also obligates the property owner to reimburse the County if a default of the Grant Agreement results in the County having to reimburse grant funds to HCD. Maintenance of the

improvements will also be the ongoing responsibility of the property owner. The required budget revision in the amount of \$305,250 for the Fiscal Year 2008/2009 related costs is attached. There is no impact to the County General Fund.

ENVIRONMENTAL STATUS

In compliance with the California Environmental Quality Act, on August 2, 2007, the County prepared and adopted a Mitigated Negative Declaration for the proposed physical improvements and expansion of the Project. A finding of no significant impact under the National Environmental Policy Act was issued March 11, 2008.

STAFF RECOMMENDATION

Adopt resolutions to: 1) authorize the Chief Assistant CEO to execute a subrecipient agreement in an amount not to exceed \$1,804,906 with the Agency for the management of the Project and approve the required budget revision in the amount of \$305,250; and 2) adopt a resolution making findings pursuant to Section 33445 of the Health and Safety Code.

Attachments: Resolution
Subrecipient Agreement
Budget Revision

CONTRACT/AGREEMENT
FOR REVIEW ONLY AT
THE CLERK OF THE BOARD

cc: Scott Finley, Supervising County Counsel

Before the Board of Supervisors County of Placer, State of California

In the matter of:

Authorizing the Chief Assistant CEO to execute a Subrecipient Agreement in an amount not to exceed \$1,804,906 with the Placer County Redevelopment Agency for the management of the Rock Creek Plaza project and approving the required budget revision in the amount of \$305,250

Reso. No: _____

Ord. No.: _____

First Reading: _____

The following Resolution _____ was duly passed by the Board of Supervisors
of the County of Placer at a regular meeting held _____,

by the following

vote on roll call:

Ayes:

Noes:

Absent: _____

Signed and approved by me after its passage.

Chair, Board of Supervisors

Attest:

Clerk of the Board

WHEREAS, a public hearing was held by the Placer County Board of Supervisors on February 26, 2008 to inform area residents and property owners and other interested persons of the scope of the

2007-2008 Community Development Block Grant (CDBG), Over-the-Counter (OTC) Economic Development Program and to seek input from the public regarding other potential activities;

WHEREAS, the County of Placer (County) prepared an application for CDBG funding for the purpose of constructing public improvements in support of its Economic Development Program for the Rock Creek Plaza project located at the corner of Highway 49 and Bell Road in North Auburn;

WHEREAS, the OTC Grant application was prepared in compliance with federal statutes and state regulations, including citizen participation requirements;

WHEREAS, Rock Creek Plaza is owned by Auburn Plaza Co., Ltd. (Developer);

WHEREAS, the County was successful in its OTC grant application and was awarded a grant in the amount of \$1,804,906;

WHEREAS, the County and Developer entered into a Community Development Agreement to describe each party's rights and obligations under the OTC grant;

WHEREAS, section 7.6 of the Community Development Agreement indicates that the Placer County Redevelopment Agency (Agency) shall act on behalf of County in connection with the bidding, award, and management of construction of the public improvements and the administration of the CDBG Grant; and

WHEREAS, the CDBG grant requires the County to enter into a Subrecipient Agreement with the Agency to transfer the CDBG grant funds to the Agency to effectuate the project on behalf of the County;

WHEREAS, in compliance with the California Environmental Quality Act, on August 2, 2007, the County prepared and adopted a Mitigated Negative Declaration for the proposed physical improvements and expansion of the Rock Creek Plaza project. A finding of no significant impact under the National Environmental Policy Act was issued March 11, 2008.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the County, that the Chief Assistant CEO is hereby authorized and empowered to execute the Subrecipient Agreement with the Agency and authorizes the Chief Executive Officer or his designee to sign all documents and take all actions necessary or appropriate to carry out and implement the intent of this Resolution; and

BE IT FURTHER RESOLVED that the required budget revision in the amount of \$305,250 for Fiscal Year 2008/2009 is approved.

Before the Board of Supervisors County of Placer, State of California

In the matter of:

**Making Findings Pursuant to Section 33445 of the
Health and Safety Code to Provide for Use of Tax
Increment Financing for Public Improvements.**

Reso. No: _____

Ord. No.: _____

First Reading: _____

The following Resolution _____ was duly passed by the Board of Supervisors
of the County of Placer at a regular meeting held _____,

by the following

vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage. _____

Chair, Board of Supervisors

Attest:

Clerk of the Board

WHEREAS, a public hearing was held by the Placer County Board of Supervisors on February 26, 2008 to inform area residents and property owners and other interested persons of the scope of the

2007-2008 Community Development Block Grant (CDBG), Over-the-Counter (OTC) Economic Development Program and to seek input from the public regarding other potential activities;

WHEREAS, the County of Placer (County) prepared an application for CDBG funding for the purpose of constructing public improvements in support of its Economic Development Program for the Rock Creek Plaza project (Project) located at the corner of Highway 49 and Bell Road in North Auburn;

WHEREAS, the OTC Grant application was prepared in compliance with federal statutes and state regulations, including citizen participation requirements;

WHEREAS, Rock Creek Plaza is owned by Auburn Plaza Co., Ltd. (Developer);

WHEREAS, the County was successful in its OTC grant application and was awarded a grant in the amount of \$1,804,906;

WHEREAS, the County of Placer and Developer entered into a Community Development Agreement to describe each party's rights and obligations under the OTC grant;

WHEREAS, section 7.6 of the Community Development Agreement indicates that the Placer County Redevelopment Agency (Agency) shall act on behalf of County in connection with the bidding, award, and management of construction of the public improvements and the administration of the CDBG Grant;

WHEREAS, Section 33445 of the Health and Safety Code, requires that the Board of Supervisors make certain findings in order to provide financing for public infrastructure project including the findings that: (1) the provision of such public improvements is necessary to effectuate the purposes of the redevelopment plan and assist in the elimination of one or more blighting influences; (2) that the Project will benefit the project area; and (3) there are no other sources of funding to complete the Project; and

WHEREAS, the public improvements will assist with improving pedestrian, bicycle, and vehicular access and circulation. Sidewalks will be installed along State Highway 49 where none currently exist to improve pedestrian safety and mobility. The Project is of benefit to the North Auburn Redevelopment Project Area and supports commercial development and vehicular access along Highway 49. The Agency adopted a resolution on February 26, 2008 designating the Developer's project and Agency's project as a blighted area as defined in California Redevelopment Law, Section 33030 (a), (b), and (c). The County has secured a CDBG grant to fund the majority of costs associated with the project and the Agency's funding portion will be relatively small. There are no other reasonable means of financing the project.

WHEREAS, in compliance with the California Environmental Quality Act, on August 2, 2007, the County prepared and adopted a Mitigated Negative Declaration for the proposed physical improvements and expansion of the Project. A finding of no significant impact under the National Environmental Policy Act was issued March 11, 2008.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors that pursuant to section 33445 of the Health and Safety Code of the State of California, the County makes the following findings in support of the project:

- (a) the project is of benefit to the North Auburn Redevelopment Project Area;
- (b) there is no other reasonable means of completing the financing the project except for tax increment proceeds;
- (c) the use of tax increment proceeds for the Project will result in improving pedestrian, bicycle, and vehicular circulation and safety; and
- (d) the project is in compliance with and such tax increment proceeds use is consistent with, the North Auburn Project Area Redevelopment Plan and the Five Year Implementation Plan.