

Modesto **Redevelopment** Agency



Adopted Budget

Fiscal Year 2009-10





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June 24, 2009

To: Chair and Members of the Modesto Redevelopment Agency

I am very pleased to present the Agency with the Modesto Redevelopment Agency budget for Fiscal Year 2009-2010. In accordance with State Health & Safety Code Section 33606 et seq., the Agency's FY 09-10 budget includes the following:

- (1) The proposed expenditures of the Agency, including administrative expenses
- (2) The proposed indebtedness of the Agency
- (3) The anticipated revenues of the Agency
- (4) The proposed work program for Fiscal Year 2009-2010, including goals
- (5) A review of FY 2008-2009 achievements and a comparison of these achievements with the goals set by the Agency in FY 2007-2008

We have provided the Agency with a budget that accurately reflects Redevelopment Law and details the requirements for each fund within the Agency budget. The Agency budget document is organized into three major sections: (1) Agency History, Work Program, Accomplishments and Future Plans; (2) Proposed Agency budget for FY 2009-2010; and (3) Capital Improvement Project Programs. These sections define each of the Agency's projects and detail the corresponding funds needed to complete these projects. The enclosed Executive Summary outlines the overall revenues, expenditures and projects.

A summary financial Proforma detailing the revenue and expenditures for Fiscal Year 2009-2010 is shown on Page 11. I would like to identify some key elements of this year's Agency budget. First, because of the decline in property values throughout the Project Area, the tax increment is not expected to increase as it has every year since 1983. Rather, the estimated gross revenue of \$5,868,000 represents a 10% decline from the initial projections for FY 2008-2009 and is consistent with the revenue received. The Agency's revenues will not exceed operating costs in FY 2009-2010.

Secondly, because of the uncertainty of the Agency's revenue projections, the proposed Proforma **does not** include funding for three additional obligations as follows:

1. The Agency has an outstanding loan from the City of Modesto General Fund in the current principal amount of \$20,476,000. The proposed FY 09-10 budget does not include a loan repayment, but it does include a repayment schedule proposed to begin in FY 14-15. (Page 12)

2. During FY 2008-2009, the State budget mandated an Educational Revenue Augmentation Fund (“ERAF”) payment of \$414,522. In addition, there was a revenue shortfall in the debt service fund. In order to pay the ERAF expense and to remedy the debt shortfall, the Agency approved a \$930,000 loan from the Housing Fund (Fund 9060) to the Agency’s Debt Service Fund (DS92). The proposed FY 09-10 budget includes a loan repayment amount of \$103,096 with a 5-year repayment schedule of \$103,096 for each additional fiscal year. At this time, the Sacramento Superior Court ruled to invalidate and enjoin the operation of Health and Safety Code section 33875, stopping all ERAF payments to the State.

3. In March 2009, the Agency staff determined that there is an Excess Surplus of funds remaining within the Housing Fund, which is a violation of redevelopment law. This Excess Surplus is required to be spent within 3 years from the date the funds became legally surplus. In order to remedy this violation, \$186,790 in additional funds must be spent from General Tax Increment Revenues (*not* Housing Fund Revenues). These additional funds must be spent prior to June 30, 2009 on an eligible affordable housing project. At the time of printing, staff is reviewing the calculation of the excess surplus to verify the penalty amount.

The difficult economic times will impact the Redevelopment Agency revenues as well as our ability to develop new projects. It is our goal to maintain as many programs and projects as possible during the next fiscal year.

Sincerely,

A handwritten signature in cursive script, appearing to read "Greg Nyhoff".

Greg Nyhoff
RDA Executive Director

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Executive Summary

The Modesto Redevelopment Agency was formed to eliminate the amount of physical and economic blight in Modesto's downtown, as well as areas west of State Route 99 and along Scenic Drive. Since 1983, the Agency has accomplished many of the strategies set forth in the Implementation Plan, which is the framework used to guide the Agency's activities.

The Agency budget for FY2009-10 is outlined below.

• REVENUES •

The estimated gross tax increment for FY 2009-10 is \$5,868,000, which is equivalent to the gross tax increment received for FY2008-09. Due to a decrease in property value and a slowdown in construction within the Project Area, the estimated revenue will remain static from the previous fiscal year. In addition, the Agency will receive approximately \$239,860 in miscellaneous revenue from property leases and interest from funds within the RDA reserves. In addition, we anticipate carry over reserves in three funds, \$19,174 in fund 9050; \$414,522 in fund 9060 and \$93,181 in fund 9080. From the gross revenue of \$5,868,000 (including reserves), we deduct the following non-discretionary, statutory payments:

1. \$1,136,499 - Tax revenue pass-throughs to outside agencies
2. \$1,173,600 - 20% revenue transfer to the Housing Set-aside fund
3. \$ 105,624 - County administrative expenses

After these deductions, it is estimated that the Agency will net approximately \$3,452,277.

• EXPENDITURES •

For annual debt service, approximately \$2.93M is budgeted for FY 2009-10. For staff services, approximately \$363,084 is budgeted and is shown in the form of service credits from the Agency to the City. The Agency does not employ staff. Instead, the Agency provides service credits to certain City staff for needed services including legal, financial and administrative.

In addition, approximately \$206,380 is budgeted for administrative costs and contracts with outside service providers including McDonough, Holland and Allen for legal review and Keyser-Marston for financial review of prospective developments. Urban master planning is also funded from Account 9080 for changes to land uses within the Project Area.

The beginning budget funding within the Capital Improvement Project fund, before adding new revenues, totals approximately \$7.38M. Additional revenue is anticipated in the amount of \$1,131,169 to total \$8.514M. The Agency will be using these funds to assist in developing a mixed-use project in the Downtown as well as for several other proposed Area projects. The Housing Set-aside fund is expected to receive approximately \$1.22M in tax increment and interest on cash balances for FY 09-10. Several affordable housing projects are under consideration, including Archway Commons on N. 9th Street, Tower Park at 17th and G Sts and the Downey Avenue Senior Housing Project. The Agency will combine their housing funds with Community Development Block Grant Funds and HOME funds to maximize the financial leverage.

• FY 2009-10 WORK PROGRAM •

The Agency has identified the following projects and programs for FY 2009-2010. For detailed descriptions and objectives of the Capital Improvement Project (CIP) accounts, please refer to the Capital Improvement Project section in this budget document.

Total CIP: \$8,513,656. See CIP Section for details.

Executive Summary

(cont.)

Project 1:	Affordable Housing Projects	Start Date:	Pending	Est. Comp.:	Pending
Status:	Projects under review				
Details:	Please refer to the description included in the Capital Improvement Program Section of this Budget				

Project 2:	Kansas-Woodland Business Park	Start Date:	2002	Est. Construction Start:	Fall 2011
Status:	Purchasing the property				
Details:	Please refer to the description included in the Capital Improvement Program Section of this Budget				

Project 3:	Mixed-Use Project - 10th & H Streets	Est. Start:	June 2010	Est. Comp.:	Jan 2012
Status:	Negotiating Development Agreement				
Details:	<p>This Mixed-use Project is intended to meet several Agency objectives, including: (1) Add covered public parking; (2) Add retail space; (3) Add office space; and (4) Add market-rate residential. The proximity of this project to existing destinations is critical to its success. The Gallo Center for the Arts is directly across 10th Street and the main theater and restaurant district is within one block of this location.</p> <p>The Agency owns four (4) parcels of land at the southwest corner of 10th & H Streets, which is the Project Site. The Agency Board distributed a Request for Proposal (RFP) to solicit a public-private partnership for the development of a high-quality, Mixed-Use Project on this 31,500 square-foot Site. The Agency selected a developer ("Team Modesto") for this project and entered into an Agreement to Negotiate Exclusively with Team Modesto. The goal is to deliver the desired development and provide for the redevelopment of this critical corner property. Team Modesto has negotiated with the Agency to expand the project to include the east side of the block between 9th & 10th Streets and G & H Streets.</p> <p>It is the Agency's desire to partner with Team Modesto, negotiate an acceptable development agreement (including a detailed scope of development and respective responsibilities of both the Agency and the Developer), determine financing needs and details, and complete project clearance and development within a two-year period ending Summer 2010. The Agency may consider several funding options that may include streetscape construction and assistance with parking.</p>				

Project 4:	Public Parking Garages in Downtown Area	Est. Start:	Pending	Est. Comp.:	Pending
Status:	Projects under review				
Details:	<p>Parking within the Downtown Area is in extremely short supply. This project is intended to meet the Agency objective of providing needed infrastructure to support the variety of uses within the Downtown Core, including proposed residential, commercial and entertainment.</p> <p>As part of the Gallo Center for the Arts, a new parking garage was constructed at 12th & I Streets which included an adjacent office building. In conjunction with this project, the Agency provided funding for the private sector portion of the office building, specifically for annual funding for public parking spaces. The Agency staff is working with private sector developers to identify additional sites for public parking garages. There is a severe parking shortage in the downtown and the Agency will continue to utilize partnerships to develop additional spaces to meet the growing demand.</p>				

Executive Summary

(cont.)

Project 5:	Implement amendments to the City of Modesto Zoning Code to encourage mixed-use development in the Downtown Core	Est. Start:	Jan 2009	Est. Comp.:	Dec 2009
Status:	Completion of the Mixed Use Zone is anticipated for Dec. 2009				
Details:	The RDA intends to encourage mixed-use development by working with the City of Modesto to create and adopt a Downtown Core Mixed-Use zone as part of a specific area plan for the Downtown Core. A mixed use zone can allow the City to adopt more comprehensive and detailed development standards that could help to foster a human-scaled, pedestrian-oriented environment. The mixed use zone should include design guidelines that should address, at minimum, specifications for setbacks, building massing, signage, street furniture, lighting, and landscaping. Application of new development standards should dictate that the Downtown Core will include the highest residential densities and the greatest intensity of land uses in the city.				

Project 6:	Conduct a Land Use & Business Survey on Carpenter Road, including Modesto Junior college West	Est. Start:	May 2009	Est. Comp.:	Dec 2009
Status:	Activity on this project is dependent upon available funding				
Details:	The Agency intends to initiate several steps to foster the development of the Carpenter Road Corridor as a cohesive commercial corridor with mutually supporting uses. The preponderance of home improvement businesses on North Carpenter Road suggests that this market niche could be expanded. The Agency will conduct a land use survey of North Carpenter Road to determine what types of businesses are present. In addition, business owners will be surveyed to determine what type of new development they believe would complement and support existing development. These surveys will help to determine whether there is an adequate cluster of businesses that warrants further recruitment in a particular niche, such as home improvement. If so, the Agency could actively target new development that expands this niche.				

Project 7:	Implement streetscape improvements on 10th Street, from J Street to the Tuolumne River	Est. Start:	Sept 2009	Est. Comp.:	June 2011
Status:	Activity on this project is dependent upon available funding				
Details:	Produce a Design Plan for implementation of streetscape improvements on 10th Street, from J Street to the Tuolumne River. The ultimate goal is to have a Plan in place that can be used as a partnership document between the Agency and private sector developers. A companion goal is to use the Plan to receive and target future funding. The streetscape will promote shade, walkability, and public gathering places. Streetscape improvements will be designed to fit the context of the block as well as the street. The Plan will also consider the installation of traffic calming measures on I Street, particularly at the intersections of 10th and I Streets, to promote pedestrian access and safety.				

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Why Have Redevelopment?

The purpose of forming a Redevelopment Agency is to eliminate physical and economic blight in a specific area of a community. The State of California enacted the Redevelopment Law for the specific purpose of assisting cities and counties in breathing new life into those targeted areas of cities that had fallen into economic and physical ruin. The heart of Modesto, our downtown, was one of those targeted areas. Modestans remember what the downtown was like before 1999. Back then, many were hesitant to walk alone in certain areas of the downtown because of the vacant buildings and seedy areas that seemed to be everywhere.

The only way to bring a blighted area to life is to attract private investment dollars to rebuild and redevelop the blighted properties. But, as one can imagine, investors are not anxious to put money into a dilapidated area with high risk and a very low rate of return. Understanding this, a Redevelopment Agency is formed for the specific purpose of providing a small amount of public funding to encourage investors to make a commitment within a blighted area. The Redevelopment Agency is given the role of using minimal public funds to leverage a much larger amount of private investment dollars to transform the blighted area from high risk to high activity --- which is what we have done with the new Tenth Street Place and other projects within the Redevelopment Project Area.



There are two key points to understand about a Redevelopment Agency. **First, the Agency is a distinct political body that is totally separate from the City.** In some cities, such as San Jose, the redevelopment agency is a separate board with separate offices and staff. In Modesto, as in many other California cities, the City Council agreed to become the Agency board. This provides a cost savings to the Agency since the same offices and staff are used for both the City and the Agency. But, while it is a cost savings, it can be confusing. It is important to remember that the Agency and the City are separate agencies with separate laws, separate budgets and separate funding sources.

The second key factor is the source of funding for the Redevelopment Agency. The funds for redevelopment come from the property taxes of only those properties within the Redevelopment Project Area. The Redevelopment Project Area was established by law when the Redevelopment Agency was formed and it includes the downtown and areas along Carpenter Road, Paradise Road and Scenic Drive. The Agency receives a specified percentage of the property taxes as properties are improved and then incurs debt by reinvesting this money back into the Project Area to improve even more properties. Again, the goal is to leverage a small amount of public funds with private investment dollars to redevelop the Project Area before the Agency is terminated. The Agency can operate for 40 years and then there is an additional 10 years to pay off all debt. For Modesto, the Agency will terminate in November 2031 and all debt will be paid by November 2041.

State law allows a redevelopment agency to invest in very specific uses. For example, a redevelopment agency cannot build a new city hall nor can they use the funds for operation or maintenance of any private or government-owned facility. The Redevelopment Agency can invest in many types of private projects including office buildings, parking garages and retail centers within the Project Area. For example, Modesto's Agency has partnered with the private sector to construct Tenth Street Place and two new office buildings on Tenth Street and 12th Street. Also, the Agency has joined with the private sector and Stanislaus County to construct the Gallo Center for the Arts. This Center will not only provide a benefit to the downtown but it will also increase the assessed value of the properties in the Project Area that, in turn, will increase the assessed property value. When the assessed value goes up, the taxes go up which means there is more money for the Agency to repay the debt they



Implementation Plan

The Redevelopment Agency's goal is to eliminate blighting influences and stimulate new private and public investment in the Redevelopment Area. The Agency can help to stimulate investment through land assembly, construction of upgraded public improvements, incentive programs for building renovation, participation in catalyst projects aimed at spurring other complementary private investments, and expenditure of its low and moderate income housing funds for development of affordable housing.

To create a framework to guide the Agency's activities, the Agency has adopted a Vision and an Implementation Plan.

• GOALS •

This Plan was approved in December 2005 for the period of 2005-2009.

• THE VISION •

- Modesto's parks, plazas, and greenways contribute to a public realm that provides an attractive, inviting "Oasis in the Valley."
- Modesto's unique history and character are preserved to make the city a pleasant place to live, and are actively promoted to attract new investment.
- The downtown is a vibrant mixed-use area with an established residential element.
- Transportation opportunities are multi-modal and well-connected throughout the Redevelopment Area, city, and region.

1. Create a unique and recognizable image for Modesto and use it to strenuously promote the City.
2. Promote the economic viability of the Redevelopment Area by attracting new development.
3. Implement higher density, mixed-use development to create a balanced, vibrant downtown and active neighborhood centers.
4. Provide the rationale and impetus for the City to update its development standards to support the goals identified in this document.
5. Develop a variety of housing types in the Redevelopment Area, including affordable housing, particularly in the downtown, to act as a catalyst for other types of development.
6. Enhance the visual appeal of Modesto's public spaces by upgrading existing parks, plazas, and streets, and by creating new parks and plazas that offer public access.
7. Develop historic I and 10th Streets as an attractive, pedestrian-oriented zone. Create a clear sense of arrival at Modesto's downtown by enhancing the 6th and I Street Gateway and the intersection of I and 10th Streets.
8. Promote efficient automobile, bicycle, and pedestrian circulation and linkages into and through the Redevelopment Area.

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Agency Achievements

Completed Projects



- Modesto Centre Plaza
- DoubleTree Hotel
- 9th Street Garage



- Master Plan and EIR
- Facade Grants
- Wayfinding Signage



- Gallo Center for the Arts
- City Towers Offices
- Renaissance Office & Garage



- Tenth Street Place
 - Parking Garage
 - Brenden Theatres
 - First Floor Retail



- Affordable Housing
 - Gateway
 - Ashwood Village
 - Woodstone
 - Dan West Court
 - Town Center



- Shopping Center on Paradise Road

FY 2007 - 2008 Project Goals

- Amend Zoning Code to create Downtown Mixed-Use Zoning Plan:
 - Completion Date: 12/09
- Kansas-Woodland Business Park - Approval of Parcel Acquisition:
 - Completion Date: 12/08
- 10th & H Street Mixed-Use Project: CEQA Review and Planned Development Zone Application
 - Completion Date: 06/09
- Affordable Housing Projects:
 1. Archway Commons - Agency funding of parcel acquisition
 - Completion Date: 01/09
 2. Plan Valley Apartments - Agency funding of handicapped unit
 - Completion Date: 11/08
 3. Downey Avenue Senior Housing - Agency funding of land assembly and related items
 - Completion Date: 06/09
- Downtown Parking Garage: Create parking garage plan in conjunction with private projects
 - Completion Date: 06/09

FY 2008- 2009 Goals Achieved

- Amend Zoning Code to create Downtown Mixed-Use Zoning Plan:
 - Projected Completion Date: 12/09
- Kansas-Woodland Business Park - Approval of Parcel Acquisition:
 - Projected Completion Date: 09/09
- 10th & H Street Mixed-Use Project: CEQA Review and Planned Development Zone Application
 - Projected Completion Date: 06/09
- Affordable Housing Projects:
 1. Archway Commons - Agency funding of parcel acquisition
 - Completion Date: 06/09
 2. Town Center - Agency funding of affordable units
 - Completion Date: 10/08
 3. Palm Valley Apartments - Agency funding of handicapped unit
 - Completion Date: 05/09
 4. Downey Avenue Senior Housing - Agency funding of land assembly and related items
 - Completion Date: 06/09
- Downtown Parking Garage: Create parking garage plan in conjunction with private projects
 - Projected Completion Date: 06/10

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Budget Summary

FY2009-10	Debt Service 9020	Administration 9050	Housing Set-aside 9060	Project Plan 9080
Estimated Beginning Working Capital (1)	\$	19,174	414,522	93,181
Adjusted Reserves	\$	19,174	414,522	93,181
Bond Reserve Fund (COPS) (2)	\$ 1,977,050			
Revenues				
Projected Total TI: \$ 5,868,000				
Tax Increment - Revenue Received	\$ 3,288,499	154,795	1,173,600	114,607
Tax Increment for Pass-thrus (3)	\$ 1,136,499			
Interest (4)	\$ 40,000	2,000	50,000	10,000
Miscellaneous - Mobile Home Assistance	\$ -		28,000	
Loan Repayment from Fund 9020	\$		103,096	
Leases (5)	\$ 109,860			
Total	\$ 4,574,858	175,969	1,769,218	217,788
Expenditures:				
9th Street Garage Lease (6)	\$ 1,954,017			
Debt - Tenth Street Place Bond - 2007 Re-fi: (7)	\$ 980,676			
County Administrative Costs (8)	\$ 79,650	2,786	21,125	2,063
Administration	\$			
Professional and Admin Services	\$	69,174	33,502	103,704
Staff/Service Credits (9)	\$ 34,669	104,009	112,385	112,021
City Internal Cost Allocations	\$ 29,467		1,144	
Pass-thrus	\$ 1,136,499			
TI Rebate - Renaissance Project (10)	\$ 86,784			
ERAF - (Estimate)	\$			
Refund loan to Fund 9060	\$			
Loan Repayment to Fund 9060	\$ 103,096			
Loan Repayment - City General Fund	\$		50,000	
Mobile Home Rental Assistance	\$		56,000	
Transfer Out: Housing CIP's	\$		961,169	
Transfer Out: KWBP Land - Q243	\$ 170,000			
Total	\$ 4,574,858	175,969	1,235,325	217,788
Available Working Capital	\$		533,893	
Transfer to Reserves	\$		533,893	
MULTI-YEAR BUDGETS		Beginning Budget	Transfers In	(Transfers Out)
RDA CIP Budget:				Anticipated Expenditures
KWBP Land - Q243 (Fund 9080)	\$	507,928	170,000	677,928
KWBP Plan - Q246 (Fund 9080)	\$	559		559
Public Improvement - K732 (Fund 9080)	\$			
Downtown Cameras - K002 (Fund 9080)	\$	259,000		259,000
Housing - Q244 (Fund 9060)	\$	15,000	961,169	976,169
Archway Commons - K743 (Fund 9060)	\$	5,250,000		5,250,000
Palm Valley - K745 (Fund 9060)	\$	830,000		830,000
Downey Avenue - K746 (Fund 9060)	\$	520,000		520,000
Developer Funded Projects		Beginning Budget (Developer Funds)		Anticipated Expenditures
10th & H Mixed Use - 9080 - 1494	\$	1,755		1,755
Archway Commons - 9060 - 1495	\$	73,150		73,150
KWBP - TT Modesto - 9080 - 1496	\$	1,000		1,000

1. Distribution of Ending Working Capital from FY 08-09
2. 1993 Certificates of Participation (COPS) - Trustee requires set aside of the Reserve Requirement
3. Estimated projections for annual Pass-Through costs provided by Keyser-Marston, Inc
4. Interest is estimated based on cash balances
5. Lease for First Floor Retail of Tenth Street Place Project
6. Includes \$6500 Trustee Fee; See Reimbursement Agreement for Agency to City reimbursement
7. Includes \$1015 Trustee Fee
8. County Administration Costs projected at 1.8% of Gross TI Revenues per Fund
9. Operating duties are performed by City staff and paid per Service Credits
10. Agreement with developer of Renaissance Project for rebate of tax increment of \$86,784

Repayment Schedules

Repayment Schedules for Agency Loans

• REPAYMENT SCHEDULE FOR LOANS FROM HOUSING FUND 9060 •

Fiscal Year	Payment
2009 - 2010	\$103,096
2010 - 2011	\$103,096
2011 - 2012	\$103,096
2012 - 2013	\$103,096
2013 - 2014	\$103,096
Total Principal:	\$515,478

• REPAYMENT SCHEDULE FOR CITY LOAN TO REDEVELOPMENT AGENCY •

Recommended Criteria

1. Minimum of \$1M in Net Revenue required in a given FY before loan repayment is considered for that FY
2. If Net TI equals \$1M in a given FY, then minimum annual repayment is \$100K or set 10%, whichever is greater
3. The last 10 years of Net TI (2032 - 2042) will go entirely to loan repayment to ensure that loan is not repaid before 2042

Projection: First Year of Repayment is FY 14-15 (Estimate)

Redevelopment FACTS

1. The Redevelopment Agency of the City of Modesto is commonly referred to as the "RDA" or the "Agency". You will see these references used in many reports and budget documents related to the Redevelopment Agency.
2. The primary source of revenue to the Agency comes from Tax Increment funding. This is funding that is generated from new development within the RDA Project Area. As each parcel is developed, the property taxes increase. A designated portion of these increased taxes flows to the Agency to promote more new development within the Project Area.
3. Another source of revenue to the Agency is property lease revenue. Currently, the Agency is receiving monthly lease payments from the retail shops located on the First Floor of the City-County Government Building located at 1010 Tenth Street within the Tenth Street Place project.
4. A smaller source of revenue to the Agency is the interest earned on each account through investments made by the Agency's Treasurer.
5. The Agency does not hire staff independently. As is common in California, the Agency pays City staff to provide the day-to-day work for the Agency. This City staff work is paid for through the use of service credits between the Agency and the City, reimbursing the City for each hour spent providing Agency work. In addition, the Agency contracts with private professional firms who provide a variety of services, from legal review to property appraisal.
6. The Bond Reserve Fund of \$1,977,050 is included in the RDA's budget as part of the legal requirements for the Modesto Centre Plaza Certificates of Participation ("COPs"). The COPs is the type of bonding mechanism that was used to fund the Modesto Centre Plaza. The Bond Trustee requires the RDA to maintain a specific account including one (1) year of payment for the on-going debt. This Reserve Fund will no longer be maintained once the debt is paid in full.
7. Stanislaus County charges the Agency for processing the property tax revenue each year. This Administration charge is estimated at 1.8% of the total revenue collected and is shown under County Administration Costs in the Agency's budget.
8. Stanislaus County collects property taxes on all parcels throughout the RDA Project Area. Generally, parcels owned by the Agency do not pay property taxes. However, when the Agency leases a parcel and/or building to a private company, then there is a required property tax collected called a "Possessory Interest Tax".

This is the case for the 9th Street Garage, between K Street and L Street. The Agency owns the garage and leases it to the City of Modesto for use in downtown parking. The City, in turn, sub-leases a large portion of the garage to the Doubletree Hotel for their private customers. The Doubletree Hotel is located just across 9th Street from the garage and the two structures are connected by way of a pedestrian bridge. The use of the garage by this private business creates a Possessory Interest Tax. As required by the Lease between the Agency and the City, the City pays any Possessory Interest Tax that is due as a result of this private use.

Debt Service

9020-DS92

Revenue	Actual 2008	Adopted 2009	Estimated 2009	Adopted 2010
Tax Increment	\$ 2,329,322	\$ 2,994,710	\$ 2,580,822	\$ 3,288,499
Tax Increment/Pass-thrus (Less ERAF)	\$ 1,115,992	\$ 1,259,000	\$ 1,259,000	\$ 1,136,499
Interest	\$ 238,020	\$ 200,000	\$ 65,000	\$ 40,000
Miscellaneous	\$	\$	\$	\$
Leases (1)	\$ 108,550	\$ 108,550	\$ 108,550	\$ 109,860
General Fund Loan	\$	\$	\$	\$
Transfer In from 9050 (Administration)	\$ 191,962	\$	\$	\$
Transfer in from 9080 (Project Plan)	\$ 728,471	\$	\$	\$
Total Source of Funds	\$ 4,712,317	\$ 4,562,260	\$ 4,013,372	\$ 4,574,858
Expenditures				
Debt - Centre Plaza	\$ 1,949,925	\$ 1,954,318	\$ 1,954,318	\$ 1,954,017
Debt - TSP	\$ 869,170	\$ 974,140	\$ 974,140	\$ 980,676
County Admin Costs	\$ 44,503	\$ 76,567	\$ 76,567	\$ 79,650
Staff/Service Credits	\$ 23,475	\$ 29,367	\$ 21,000	\$ 34,669
City Internal Cost Allocations	\$ 18,868	\$ 18,868	\$ 18,868	\$ 29,467
Pass-thrus	\$ 1,115,992	\$ 1,259,000	\$ 1,259,000	\$ 1,136,499
TI Rebate - Renaissance Project	\$	\$	\$ 54,110	\$ 86,784
ERAF Payment (AB 1389)	\$	\$	\$	\$
Loan Repayment to Housing Fund	\$	\$	\$	\$ 103,096
Loan Repayment to GF	\$ 1,321,000	\$ 250,000	\$ 250,000	\$
Transfer Out: KWBP Land - CIP # Q243	\$	\$	\$	\$ 170,000
Total Use of Funds	\$ 5,342,933	\$ 4,562,260	\$ 4,608,003	\$ 4,574,858

(1) Lease revenue for the first floor retail space of Tenth Street Place.

Debt Service

9020-DS92
(cont.)

Explanation

This fund maintains the accumulation of resources for and the payment of general long-term debt principal and interest. It also receives tax increment designated for the pass-throughs to various taxing agencies, including Stanislaus County, school districts and special districts.

Subordinated Tax Sharing Allocations (Original and Amended Area): (in 1,000's)								
	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14
Stanislaus County (1)	0	414	488	434	588	688	1,063	1,094
County Office of Education (2)	61	71	83	65	101	118	145	150
Yosemite Community College (2)	71	82	96	75	116	136	168	173
Modesto City & HS District (2)	422	487	574	400	692	809	999	1,029
City of Modesto (3)			TBD					
Woodland Avenue Fire Protection District (3)							TBD	
Burbank/Paradise Fire Protection District (3)							TBD	
East Side Mosquito Abatement District (3)			TBD					
Total Tax Sharing Agreements	\$554	\$1,053	\$1,241	\$1,137	\$1,496	\$1,750	\$2,375	\$2,445

(1) County tax sharing agreement provides that the Agency receives 100% of the County's share of tax increment in years 1 to 15 (FY 1992-93 thru 2006-07). The County will receive 30% of its share in years 16 to 20 (FY 2007-08 thru 2011-12). The allocation increases to 45% in year 21 (FY 2012-13), 60% in year 26, 70% in year 31 and 90% in year 36.

(2) School District allocation formulas are based upon 25% of the Districts' respective share of net tax increment commencing in year 6 (FY 1997-98) to year 20 (FY 2011-12). This projection assumes that the allocation formula provided in Section 5 of the respective agreements remains in effect. The allocation increases to 30% in year 21 (FY 2012-13), 40% in year 31 and 50% in year 36.

(3) Additional taxing agencies added pursuant to SB211 adoption.

Administration

9050-1490

Revenue	Actual 2008	Adopted 2009	Estimated 2009	Adopted 2010
Estimated Beginning Working Capital	\$	\$	\$	\$ 19,174
Tax Increment	\$ 231,033	\$ 358,019	\$ 327,000	\$ 154,795
Interest	\$ 735	\$ 2,000	\$ 2,000	\$ 2,000
Total Source of Funds	\$ 231,768	\$ 360,019	\$ 329,000	\$ 175,969

Expenditures				
County Admin Charges	\$ 2,221	\$ 6,444	\$ 6,444	\$ 2,786
Administration	\$	\$	\$	\$
Professional Services	\$ 92,368	\$ 137,849	\$ 137,849	\$ 69,174
Staff Charges	\$ 139,435	\$ 164,703	\$ 149,057	\$ 104,009
Internal Service Fund Charges	\$	\$	\$	\$
City Internal Cost Allocations	\$ 51,023	\$ 51,023	\$ 51,023	\$
Pass-thrus	\$	\$	\$	\$
Taxes	\$	\$	\$	\$
Transfer Out to 9020 (Debt Service)	\$ 191,962	\$	\$	\$
Total Use of Funds	\$ 477,009	\$ 360,019	\$ 344,373	\$ 156,795



Explanation

This fund contains expenditures for services provided to the Redevelopment Agency by City staff in Community & Economic Development, Finance and the City Attorney's office.

Housing Set-aside

9060-1491

Revenue	Actual 2008	Adopted 2009	Estimated 2009	Adopted 2010
Estimated Beginning Working Capital	\$	\$	\$	\$ 414,522
Tax Increment	\$ 1,162,764	\$ 1,300,000	\$ 1,173,509	\$ 1,173,600
Interest	\$ 202,959	\$ 125,000	\$ 108,000	\$ 50,000
Direct Loan Interest	\$ 3,467	\$	\$ 10,091	\$
General Fund Loan	\$	\$ 295,000	\$ 295,000	\$
Misc - Mobile Home Assistance	\$ 13,250	\$	\$ 14,000	\$ 28,000
Loan Repayment from Fund 9020	\$	\$	\$	\$ 103,096
Total Source of Funds	\$ 1,382,440	\$ 1,720,000	\$ 1,600,600	\$ 1,769,218
Expenditures				
Administrative Costs	\$	\$ 23,400	\$ 15,000	\$ 21,125
Professional Services	\$	\$ 32,526	\$ 12,000	\$ 33,502
Staff Charges	\$ 79,818	\$ 116,203	\$ 107,131	\$ 112,385
City Internal Cost Allocations	\$	\$ 1,325	\$ 1,325	\$ 1,144
Loan to Fund 9020	\$	\$	\$ 515,478	\$
Loan Repayment - City GF	\$	\$	\$	\$ 50,000
Mobile Home Rental Assistance	\$	\$	\$	\$ 56,000
Transfer Out Housing CIP's	\$	\$ 1,251,546	\$ 321,546	\$ 961,169
Total Use of Funds	\$	\$ 1,425,000	\$ 972,480	\$ 1,235,325

Explanation

This is a special revenue fund created pursuant to the Health & Safety Code Section 33334.3. All transactions related to Housing Set-Aside projects must be accounted for in this separate fund.

Fiscal Years 2009-2010

Low and Moderate Income Housing Fund

Expenditures for Planning and Administrative Activities

The Agency is required to adopt annual determinations that consider the necessity and proportionality of Low and Moderate Income Housing Fund (LMIHF) expenditures for planning and administrative activities.

Expenditures from the LMIHF for planning and administrative costs, relative to the total budget for Fiscal Years 2009-2010 and expenses are noted below:

Housing Set-aside

9060-1491
(cont.)

Percent of Planning and Administrative Expenditures of LMIHF Budget

Expenditures from the LMIHF for planning and administrative costs (Admin), and their relationship to the total budget are noted below:

Fiscal Year	LMIHF Budget	Admin Expenditures	Admin % of Budget
FY 05/06	\$ 802,000	\$ 6,821	0.88%
FY 06/07	\$ 1,075,000	\$ 98,208	9.13%
FY 07/08	\$ 1,215,000	\$ 111,910	9.21%
FY 08/09	\$ 1,300,000	\$ 116,203	8.94%
FY 09/10 Est.	\$ 1,769,218	\$ 112,385	6.35%

Percent of Planning and Administrative Expenditures of LMIHF Expenditures

Expenditures from the LMIHF for planning and administrative costs (Admin), and their relationship to actual LMIHF expenditures are noted below:

Fiscal Year	LMIHF Expended	Admin Expenditures	Admin % of LMIHF
FY 05/06	\$ 6,821*	\$ 6,821	100%
FY 06/07	\$ 770,000**	\$ 98,208	12.75%
FY 07/08	\$ 5,567,772**	\$ 111,910	2.00%
FY 08/09	\$ 7,751,546***	\$ 116,203	1.49%
FY 09/10 Est.	\$ 7,576,169***	\$ 112,385	1.48%

* The Administrative and Planning expenditures for FY 2005-2006 were for legal review, only, of proposed affordable housing developments and compliance issues.

** Beginning with FY 2006-2007 and continuing through FY 2009-2010, the Agency has worked with the City of Modesto to evaluate several sites for possible affordable housing projects. The Agency has identified the following projects and continues to work with the owner/developers to increase the affordable housing units in Modesto:

- 1 Town Center (Roselle/Belharbour) - 20 rental units; 7 single-family units
- 2 Archway Commons (N. 9th St) - 150 rental units
- 3 Palm Valley Apartments (201 E. Coolidge) - 40 units, including rehabilitation of unit to handicapped standards and other security upgrades
- 4 Downey Avenue Senior Housing (412-416 Downey) - 12 units
- 5 Tower Park (17th & G) - Potential mixed-use project including affordable housing component

*** The revenue for FY 2009-2010 Housing Fund is \$1,769,218. There is also a Capital Improvement Program ("CIP") account with a total of \$7,576,169, which includes the current budget revenue. All existing funds within the Housing budget and the CIP Account will be utilized for the above affordable housing projects within FY 2009-2010. Agency funding will be expended in conjunction with funding from the Community Development Block Grants, HOME and other housing funding.

Legislative Regulations and Associated Guidelines:

Criteria: Health and Safety Code Section 33334.3(d) expresses the Legislature's intent that LMIHF expenditures for general planning and administrative activities not be disproportionate to actual costs for housing production, improvement, and preservation; and requires agencies to determine annually that planning and administrative expenses are necessary for the projection, improvement, or preservation of low- and moderate-income housing.

State Controller's Office, Guidelines for Compliance Audits of California Redevelopment Agencies, November 1998, requires independent auditors to test for a written annual determination concerning the necessity and appropriateness of any planning and administrative expenditures from the LMIHF.

Health and Safety Code Section 33334.3(e) provides that the planning and administrative costs that may be paid by the LMIHF are those expenses incurred by the Agency which are directly related to the programs and activities authorized by Section 33334.2(e) and are limited to: (A) costs incurred for salaries, wages, and related costs of the Agency's staff or for services provided through interagency agreements and agreements with contractors; and (B) costs incurred by a nonprofit organization not directly attributable to a specific project.

Project Plan

9080-1493

Revenue	Actual 2008	Adopted 2009	Estimated 2009	Adopted 2010
Estimated Beginning Working Capital	\$	\$	\$	\$ 93,181
Tax Increment	\$ 974,710	\$ 588,271	\$ 531,000	\$ 114,607
Interest	\$ 81,423	\$ 75,000	\$ 33,720	\$ 10,000
Total Source of Funds	\$ 1,056,133	\$ 663,271	\$ 564,720	\$ 217,788

Expenditures				
County Admin Costs	\$ 12,609	\$ 10,589	\$ 10,589	\$ 2,063
Professional Services	\$ 10,875	\$ 100,000	\$ 76,690	\$ 103,704
Staff/Service Credits	\$ 131,886	\$ 146,853	\$ 142,414	\$ 112,021
Internal Service Funds	\$	\$	\$	\$
City Internal Cost Allocations	\$ 4,722	\$ 4,722	\$ 4,722	\$
Project Area Revitalization	\$	\$ 200,000	\$ 2,482	\$
RDA Master Plan/EIR (K871)	\$ 94,601	\$	\$	\$
KWBP Plan (Q246)	\$ 41,831	\$	\$	\$
Gallo Center (Q260)	\$ 59,932	\$	\$	\$
KWBP Land (Q243)	\$	\$ 150,000	\$ 135,000	\$
Public Improvement (K732)	\$ 333,018	\$ 51,107	\$ 1,500	\$
Transfer Out to 9020 (Debt Service)	\$ 728,471	\$	\$	\$
Total Use of Funds	\$	\$ 663,271	\$ 373,397	\$ 217,788

• • •

Explanation

This fund pays for various services associated with the Agency's project planning and project implementation. Services provided include funding for market studies, feasibility studies, funds for project partnerships pursuant to adopted development agreements and other Project Area Revitalization projects.

Modesto **Redevelopment** Agency

Capital Improvement Program
Fiscal Year 09-10 • Adopted

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Capital Improvement Program

RDA CIP Budget	Beginning Budget	Transfers In	Transfers Out	Anticipated Expenditures
KWBP Land CIP - Q243	\$ 507,928	\$ 170,000	\$	\$ 677,928
KWBP Plan CIP - Q246	\$ 559	\$	\$	\$ 559
Public Impr CIP - K732	\$	\$	\$	\$
Downtown Cameras - K002	\$ 259,000	\$	\$	\$ 259,000
Housing - Q244	\$ 15,000	\$ 961,169	\$	\$ 976,169
Archway Commons - K743	\$ 5,250,000	\$	\$	\$ 5,250,000
Palm Valley - K745	\$ 830,000	\$	\$	\$ 830,000
Downey Avenue - K746	\$ 520,000	\$	\$	\$ 520,000
Developer-Funded Projects	Beginning Budget (Developer Funds)			Anticipated Expenditures
10th & H Mixed Use - 9080 - 1494	\$ 1,755	\$	\$	\$ 1,755
Archway Commons - 9060 - 1495	\$ 73,150	\$	\$	\$ 73,150
KWBP - TT Modesto - 9080 - 1496	\$ 1,000	\$	\$	\$ 1,000

Capital Improvement Project

9080 - Q243

Kansas Woodland Business Park Property Option



Project Manager: Brent Sinclair

Budget: \$ 677,928

• HISTORY •

The purpose of the Agency's Business Park Development Program, and specifically the Kansas Woodland Business Park, is to further economic development and redevelopment in the community. As an excellent redevelopment project, this Park has the potential to create an estimated 20-25 jobs/acre totaling more than 800 new jobs at build-out. This is a classic example of a redevelopment

project where a "brownfield" site is cleaned and the future business conditions are improved for the site and the surrounding property owners. An essential part of this development process is the partnership with the adjacent landowners. They have been very supportive of the project and have provided valuable input in both the Park design and the options for land use strategies.

The Agencymembers have received more than 20 progress reports, in both Closed and Public Sessions, since 2002. The following is a brief summary of the milestone actions taken by the Agency to date:

November 6, 2002: Agency authorized:

1. Purchase Option Agreement for the FMC property, including various related agreements, with a three (3) year term to expire on November 6, 2005.
2. Request for Proposals process for a Master Developer
3. Approval of \$405,000 loan from Stanislaus County ED Bank to hire consultants, etc. to be repaid upon sale of property.

December 9, 2002: Agency authorized:

1. Distribution of the approved Request for Proposal for Master Developer
2. Formation of a 10-member Selection Committee, including two Agencymembers, to consider RFP proposals and recommend a developer to the Agency

February 11, 2003: Agency authorized:

1. Draft Conceptual Site Plan Scenarios A & B for the proposed development
2. Draft Design and Use Guidelines to be included in the future Specific Plan for a Development Agreement.

March 25, 2003: Agency approved Terrence J. Rose, Inc. as the Master Developer and directed the Executive Director to begin negotiations for a Development Agreement.

Sept. 13, 2005: Agency received a Project Status Report Update and authorized a one-year extension to the Purchase Option Agreement with a new expiration date of Nov. 6, 2006.

October 24, 2006: Agency received a Project Status Report Update and authorized a second one-year extension to the Purchase Option Agreement with an expiration date of Nov. 6, 2007.

January 2, 2008: In Closed Session, Agency received a Status Report and provided direction to staff on negotiations for the potential purchase of the site.

April 8, 2008: In Closed Session, Agency received a report on final negotiations and the draft Purchase & Sales Agreement. Agency provided direction to staff.

Capital Improvement Project

9080 - Q243
Continued

Kansas Woodland Business Park Property Option, Continued

• HISTORY CONTINUED •

January 27, 2009: Agency approved Purchase & Sale Agreement between the FMC Corporation and the Agency. In addition, the Agency approved a Memorandum of Understanding with TT Modesto, LLC (Developer) to produce environmental review and a final development agreement.

• NEXT STEPS •

Purchase and Sale Agreement: On January 27, 2009, the Agency approved the Purchase & Sale Agreement between the Agency and the FMC Corporation. This escrow process will move forward until all State mandated reports are completed by FMC Corporation. Once all reports are complete, the escrow will close and the Agency will own the three parcels in this transaction.

Disposition and Development Agreement: To date, the Agency has expended approximately \$1,300,000 on pre-development costs. As the Master Developer, Terrence J. Rose, Inc. has expended funds over a period of 5 years to perform pre-development activities. Included in this work, Terrence Rose has completed review of all remediation documents, the Draft Specific Plan, the Tentative Subdivision Map and all other aspects of the project.

In a separate future action, the Agency will consider the approval of the Disposition and Development Agreement between the Agency and Terrence Rose, Inc. for the business park development. As part of that Agreement, the Agency will sell the parcels for a negotiated price. Incorporated into these future cost negotiations will be the potential for repayment of the Agency's costs to date, including the Stanislaus County Economic Development Bank Loan in the amount of \$405,000 and other pre-development costs. Further budget amendments and appropriations will be addressed at the time the Agency considers the Development Agreement for approval.

Capital Improvement Project

9080 - Q246

Kansas Woodland Business Park Concept Master Plan



Project Manager: Brent Sinclair

Budget: \$ 559

• HISTORY •

The purpose of the Agency's Business Park Development Program, and specifically the Kansas Woodland Business Park, is to further economic development and redevelopment in the community. As an excellent redevelopment project, this Park has the potential to create an estimated 20-25 jobs/acre totaling more than 800 new jobs at build-out. This is a classic example of a redevelopment project where a "brownfield" site is cleaned and the future business conditions are improved for the site and the surrounding property owners. An essential part of this development process is the partnership with the adjacent landowners. They have been very supportive of the project and have provided valuable input in both the Park design and the options for land use strategies.

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Capital Improvement Project

9080 - Q246
Continued

Kansas Woodland Business Park Concept Master Plan, Continued

• HISTORY CONTINUED •

January 27, 2009: Agency approved Purchase & Sale Agreement between the FMC Corporation and the Agency. In addition, the Agency approved a Memorandum of Understanding with TT Modesto, LLC (Developer) to produce environmental review and a final development agreement.

• NEXT STEPS •

Purchase and Sale Agreement: On January 27, 2009, the Agency approved the Purchase & Sale Agreement between the Agency and the FMC Corporation. This escrow process will move forward until all State mandated reports are completed by FMC Corporation. Once all reports are complete, the escrow will close and the Agency will own the three parcels in this transaction.

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In a separate future action, the Agency will consider the approval of the Disposition and Development Agreement between the Agency and Terrence Rose, Inc. for the business park development. As part of that Agreement, the Agency will sell the parcels for a negotiated price. Incorporated into these future cost negotiations will be the potential for repayment of the Agency's costs to date, including the Stanislaus County Economic Development Bank Loan in the amount of \$405,000 and other pre-development costs. Further budget amendments and appropriations will be addressed at the time the Agency considers the Development Agreement for approval.

Capital Improvement Project

9080-K732

Project Area Public Improvements



Project Manager: Brent Sinclair

Budget: No funding available

Construct various public improvements within the RDA Project Area to support public-private development partnerships. Improvements may include, but are not limited to, various types of construction such as: street construction, streetscape, signage, public garages, land acquisition/disposition.

• HISTORY •

Over the past several years, the Agency has focused on assisting commercial and retail businesses within the Project Area in various ways. These programs have included the Façade Improvement Rebate Program that assisted commercial/industrial property owners and tenants with improvements to the exterior appearance of commercial buildings located in the Redevelopment Project Area. This program offered rebates ranging from 10% to 50% (maximum \$10,000 per project) of improvement costs for each property. In addition, the Agency has produced designs for wayfinding signage and will be constructing signage throughout the Downtown area to guide visitors to specific landmarks and destinations.

The Agency will now be focusing on a variety of public works projects that will include street construction, streetscape, signage, public garages, land acquisition/disposition and other projects that will grow from public-private partnerships in accordance with the Redevelopment law. These projects may include mixed-use projects, public parking, public amenities for market-rate housing, etc.

• NEXT STEPS •

1. 10th & H Street Mixed-Use Project: The Agency owns four parcels of land at the southwest corner of 10th & H Streets. The Agency Board selected a developer ("Team Modesto") for development of a mixed use project on this block and has entered into a Memorandum of Understanding with Team Modesto to develop the site plan and to complete the environmental review. It is the Agency's desire to partner with Team Modesto, negotiate an acceptable development agreement (including a detailed scope of development and respective responsibilities of both the Agency and the Developer), determine financing needs and details, and initiate development within a two-year period ending Summer 2010. In addition to the land value of the four parcels, the Agency may also consider other funding options per the Project Area Improvements CIP Account that may include streetscape construction and assistance with parking.

2. Implement streetscape improvements on 10th Street, from J Street to the Tuolumne River: The Agency will produce a Design Plan for implementation of streetscape improvements on 10th Street, from J Street to the Tuolumne River. The ultimate goal is to have a Plan in place that can be used as a partnership document between the Agency and private sector developers. A companion goal is to use the Plan to receive and target future funding per the Project Area Improvements CIP Account. The streetscape will promote shade, walkability, and public gathering places. Streetscape improvements will be designed to fit the context of the block as well as the street. The Plan will also consider the installation of traffic calming measures on I Street, particularly at the intersections of 10th and I Streets, to promote pedestrian access and safety.

Capital Improvement Project

9080 - K002

Downtown Cameras



Project Manager: Ron Cloward

Budget: \$ 259,000

• HISTORY •

Municipalities and other government agencies across the United States have implemented video surveillance programs in their downtown areas, including the regional cities of Clovis, Fresno, Stockton and Ripon. The City of Long Beach has also implemented a camera program that serves a very vibrant downtown with a variety of nightlife, similar to Modesto. Based on the success of these deployments, the Modesto Police Department has designed a camera system that will serve the interest of public safety and local business.

On any Friday or Saturday night there can be as many as 5,000 to 8,000 people in the downtown area. The ability to police this area has grown in cost over recent years. The cameras will allow the police department to conduct low profile policing that will aid in responses to incidents and investigations of crimes.

These cameras support City efforts to provide a safe public environment to conduct business, transit our public spaces, and enjoy our downtown with minimal fear of crime. Once deployed, the system will be beneficial and useful to many of the Departments within the City. Some potential uses are:

- Tactical deployment of Police, Fire and Ambulance - Video coverage will allow Dispatch, first responders and the Watch Commander to obtain immediate information via the cameras.
- Investigations - Video will be used as an investigative tool and as evidence per the Evidence Code.
- Crime Prevention - Cameras act as a deterrent to criminal activity.

CellPlan Technologies, Inc. has been selected as the vendor for this camera project for a total product and service cost of \$239,788.27.

• NEXT STEPS •

1. In addition, there will be added storage of 10 TB in the City's computer system to accommodate a 60-day instant accessibility as well as added capability to bookmark specific events for future Police review and possible prosecution. The cost for this additional storage capacity is \$20,000.
2. It is anticipated that additional cameras will be purchased and installed using funding from other agencies and/or adjacent businesses for future expansion of the camera system.

Capital Improvement Project

9060 - Q244;
K743: K745

Affordable Housing Projects



Project Manager: Julie Hannon
Budget: \$ 7,576,169

• HISTORY •

Beginning in 2000, the Agency has focused on producing an affordable housing project in the Downtown. The primary barriers to this project have been:

- a. Increased land prices coupled with unwilling sellers that could necessitate eminent domain proceedings
- b. Reduced site acreage available for purchase
- c. Increased need for parking for the housing development and for the general population of downtown workers, customers and merchants

Because of the above issues, the Agency determined that additional funds would be needed for a downtown project versus a housing project in another area of the City. The Agency placed funds into this CIP Account in order to accumulate Housing Set-aside monies specifically for a downtown project.

In 2007, the administration of the Affordable Housing Funds was moved to the City's Parks, Recreation & Neighborhoods Department. The purpose of the administration relocation was to combine all affordable housing funds under one staff division, for ease in development and reporting.

• NEXT STEPS •

Beginning in FY 2006-2007, the Agency worked with the City of Modesto to evaluate several sites for possible affordable housing projects. The Agency identified the following projects and continues to work with the owner/developers to increase the affordable housing units in Modesto:

- Town Center (Roselle/Belharbour) - 20 rental units (Complete); 7 single-family units (In progress)
- Archway Commons (N. 9th St) - 150 rental units (In progress)
- Palm Valley Apartments (201 Coolidge) - 40 units (Complete), including rehabilitation of unit to handicapped standards and other security upgrades (In progress)
- Downey Avenue Senior Housing (412-416 Downey) - 12 units (In progress)
- Tower Park (17th & G) - Potential mixed-use project including affordable housing component (In progress)

The Agency in FY 2009-2010 intends to start looking at new potential projects for future development. The Agency's Housing staff will work with the Citizen's Housing and Community Development Committee (CH&CDC) to develop and approve new projects as directed by the Agency's Board. Once a recommendation is made by the CH&CDC a recommendation will be forwarded to the Agency's Board for final approval.

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**REDEVELOPMENT AGENCY
RESOLUTION NO. 16-2009**

**A RESOLUTION ADOPTING THE ANNUAL REDEVELOPMENT AGENCY
OPERATING AND CAPITAL IMPROVEMENT (CIP) BUDGET FOR THE
FISCAL YEAR ENDING JUNE 30, 2010**

WHEREAS, pursuant to Health & Safety Code Section 33606, a proposed budget for the 2009-2010 Fiscal Year has been submitted to the Redevelopment Agency by the Executive Director, and the Redevelopment Agency has made such revisions as it has deemed advisable and is **attached** hereto as **Exhibit "A"** and made a part hereof by this reference, and

WHEREAS, the proposed budget was reviewed by the Finance Committee on June 22, 2009, and the Committee recommended the budget to the Agency for approval which approval includes, but is not limited to, the following specific recommendations more particularly described in the Budget Summary located on Page 11 of the budget document:

- A. The Tax Increment revenues for FY 09-10 are budgeted in the amount of \$5,868,000 and will be allocated between the following funds in the amount stated:
 - a. Debt Service Fund 9020 (Debt Service) - \$3,288,499
 - b. Debt Service Fund 9020 (Pass-throughs) - \$1,136,499
 - c. Administration Fund 9050 - \$154,795
 - d. Housing Set-Aside Fund 9060 - \$1,173,600
 - e. RDA Projects Fund 9080 - \$114,607

- B. No General Fund loan is needed for Fiscal Year 2009-2010

C. Transfer funds into the existing Capital Improvement Project Account – Kansas Woodland Business Park Land Q243 for the purpose of assisting with business park development for the budgeted amount of \$170,000 from Account No. 9020-120-DS92

D. Transfer funds into the existing Capital Improvement Project Account – Affordable Housing Projects Q244 for the purpose of assisting with an affordable housing project(s) for the budgeted amount of \$961,169 from Account No. 9060-140-1491

WHEREAS, the Citizens Redevelopment Advisory Commission reviewed the proposed budget on May 28, 2008, and recommended its adoption, and

WHEREAS, in accordance with Health & Safety Code Section 33606, a public hearing was held on June 23, 2009 to review the proposed Agency budget and allow for public comment, and

WHEREAS, copies of the proposed budget have been and are available for inspection by the public at the office of the Agency Secretary, and

WHEREAS, the Agency has reviewed the budgetary control and authority policy report prepared by staff,

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Modesto that the Operating and Capital Improvement Budget for the Fiscal Year ending June 30, 2010 is hereby adopted.

BE IT FURTHER RESOLVED that the Tax Increment Revenues for FY 09-10 budgeted in the amount of \$5,868,000 shall be allocated between the Agency funds as set forth in said budget document and this resolution.

BE IT FURTHER RESOLVED that no General Fund loan is needed for Fiscal Year 2009-2010.

BE IT FURTHER RESOLVED that for the purpose of assisting with business park development, funds shall be transferred into the existing Capital Improvement Project Account – Kansas Woodland Business Park Land Q243 for the budgeted amount of \$170,000 from Account No. 9020-120-DS92.

BE IT FURTHER RESOLVED that for the purpose of assisting with an affordable housing project(s), funds shall be transferred into the existing Capital Improvement Project Account – Affordable Housing Projects Q244 for the budgeted amount of \$961,169 from Account No. 9060-140-1491.

BE IT FURTHER RESOLVED that the Treasurer is hereby authorized to take the necessary steps to implement the provisions of this resolution.

BE IT FURTHER RESOLVED that the budgetary control and authority policy defined in **Exhibit “B”**, which is **attached** hereto and made a part hereof by this reference, is hereby adopted for the Fiscal Year 2009-2010.

The foregoing resolution was introduced at a special meeting of the Redevelopment Agency of the City of Modesto, held on the 23rd day of June, 2009, by Agency Member Lopez, who moved its adoption, which motion being duly seconded by Agency Member Marsh, was upon roll call carried and the resolution adopted by the following votes:

AYES: Agency Members: Hawn, Keating, Lopez, Marsh, O'Bryant, Olsen, Mayor Ridenour

NOES: Agency Members: None

ABSENT: Agency Members: None

ATTEST: Stephanie Lopez
STEPHANIE LOPEZ, Agency Secretary

(SEAL)

APPROVED AS TO FORM:

By: Susana Alcala Wood
SUSANA ALCALA WOOD, General Counsel

Exhibit “B” Budgetary Control & Authority

The Redevelopment Agency’s Budgetary Control & Authority policy is adopted by the Agency as a part of the resolution adopting the annual budget.

Basic Policy

The Agency budget is adopted at the fund level, and the authorized amount of expenditure for each fund is listed in Exhibit “A” of the budget resolution.

Multi-year appropriations authorized in previous years and not yet expended continue to be valid until explicitly revoked, notwithstanding the annual appropriation shown on Exhibit “A.”

Executive Director’s Authority

The Executive Director may take the following budgetary actions without Agency approval:

- Transfer appropriations between and within a fund
- Appropriate unbudgeted Agency revenues
- Appropriate reserves approved for litigation on a case-by-case basis
- Revoke multi-year appropriations and close CIP projects

Finance Officer’s Authority

The Finance Officer may take the following budgetary actions without Agency approval:

- Appropriate unbudgeted grant interest
- Make technical budget corrections to implement the intent of Agency-approved actions and resolutions
- Transfer appropriations between sub-funds of a single fund

Assistant Executive Director’s Authority

The Agency Assistant Executive Director may take the following budgetary actions without Agency approval:

- Transfer appropriations between non-salary line-items within a department, within a single fund

Actions Reserved to the Agency

All other budgetary actions require the approval of the Agency. In addition, the following specific actions always require Agency approval, any other provision of this policy notwithstanding:

- Appropriation of undesignated reserves
- Appropriation of revenues
- Budgeting of inter-fund transfers
- Budgeting of inter-fund loans
- Creating or increasing any multi-year appropriation including CIP projects