Roll Call: West, Martinez, Hamilton, Irish, Stadtherr

ORAL COMMUNICATIONS
None

SCHEDULED MATTER

1. REVIEW OF REDEVELOPMENT AGENCY ANNUAL REPORT

Recommendation: For information only, no recommendation required.

The Redevelopment Agency Annual Report provided the following:

- Overview of Low and Moderate Income Housing Activities.
  - First Time Low Income Homebuyer Program
  - Rental Program
  - Other Agency Expenditures
  - Development Disclosures
- Summary of Agency Programs
  - 2002-03 Activities
  - Disclosure of Agency Loans
  - Description of Agency-Owned Property
  - 2003-04 Work Program
- Financial Statement (with Independent Auditors’ Financial Compliance Reports)
- Annual Report of Housing Activity
- Annual Report of Financial Transactions

Community Development Director Brad Dunlap gave the presentation.

City Manager Longley clarified that the presentation will consist of slides, and that each slide will be subject to discussion at the will of Council.

Mr. Dunlap explained that under the California Health and Safety Code each legislative body is required to review the Agency’s Annual Report within six months of the fiscal year end, and then take action on it no more than twenty-one days from the receipt of the report.

A main component in this particular annual report was the financing strategies adopted by the Redevelopment Agency Board reviewed the last fiscal year, and have since been implemented. The study session will focus on a review and update of the strategies.
These financing strategies were needed because of a stagnant real estate market, increased operating expenses, new ERAF diversions, and new pass through payments, in particular to the Kern Community College District.

Strategy 1: To remove all salary from the Redevelopment Budget in the 2003-04 fiscal year, and no salaries are anticipated to be included in the 2004-05 fiscal year.

Strategy 2: To remove agency and city owned properties from the base year calculations.

Strategy 3: The removal of two industrial properties from the project area.

Strategy 4: To successfully petition the state to eliminate proposed ERAF diversions in the current and forthcoming fiscal years.

Through the City’s and other cities’ efforts the state reduced the amount to $39,000 this year, $24,000 last year, and the city has built into the budget $81,000 in anticipation that the hit will be higher next year as projected in earlier years.

Strategy 5: To eliminate the remaining property on 4th Street and promote development on vacant and under utilized agency and city owned properties.

The schedule for completing the Redevelopment Project Area Amendment is as follows:

April 20, 2004 The City Council will review the Redevelopment Plan Amendment. They will consider a resolution affirming the General Plan conformity, and consider a resolution setting a date for a public hearing with the Redevelopment Agency.

May 10, 2004 The consultants will consult with the taxing agencies and have a meeting.

May 19, 2004 The Redevelopment Advisory Committee will meet to consider the amendment.

June 15, 2004 There will be a joint public hearing between the City Council and the Redevelopment Agency.

July 6, 2004 The City Council would adopt the ordinance.

By August 20, 2004 The decision needs to be made to have the action go into effect in the 04-05 fiscal year.
By Sept. 5, 2004 The challenge period will end.

Mr. Dunlap referred to a table that was produced by the consultant in the feasibility study.

It was found that by removing the properties from the redevelopment project area the tax increment increases by $82,040.

Next Mr. Dunlap reviewed the financial information that is reported the way the Department of Housing and Community Development wants it reported, and provided two additional tables showing how staff monitors the revenues and expenditures.

The Combined Balance Sheet consists of all fund types and account groups, and totals all of the assets, debits, and liabilities. Mr. Dunlap explained that total liabilities, fund balances, and other credits for general long-term debt is 8.7 million; general fixed assets is $968,000, with a total of 11.7 million.

Council Member Hamilton asked what the $1.2 on the revenue in investments. Financial Officer, Susan Slayton explained that there is a pool of investments and the Low and Mod fund has $1.2 million collectively in cash and investments. This is actually bond money that the City has never spent on low and moderate-income housing projects. Mr. Dunlap then stated that the majority of this money is earmarked for specific projects.

Council Member Hamilton asked what the Redevelopment Agency was designed for; bigger or smaller projects? City Manager John Longley stated that he believed it was originally designed in urban areas to work with HUD programs, and then over time it’s been changed and modified to suit goals in particular communities.

The next page discussed by Mr. Dunlap was the Combined Statement of Revenue, Expenditures and Changes in Fund Balances, all Governmental Fund Types.

Council Member Hamilton asked why the tax base has not increased.

City Manager Longley stated that Redevelopment is only a small aspect of the entire tax base, and it is probably the macro situation and the commercial projects in the downtown area that are really influencing the tax base.

Community Development Director Brad Dunlap also stated that the industrial community has become more savvy on taxes, and have taken action to depreciate equipment and things of that nature that they were not doing as readily three or four years ago. He also stated that when the Redevelopment Agency Project Area was created it was calculated out at a growth projection of about 7%, like it might be in an urban area where you have significant activity, whereas our project area has been growing at two to three percent.

Mr. Dunlap then presented a breakdown of the Gross Tax Increment as well as the Pass thru Agreements.
City Manager Longley stated that this year would be a very tough year, not because of anything that the City has done, but because of what the State of California has done (i.e. ERAF Diversions, and Pass Thru Entities).

Council Member Hamilton asked if the Redevelopment Agency was considered by the courts to be a separate entity from the city, and if it would be possible for the Redevelopment Agency to declare bankruptcy if it came to that point. Mr. Dunlap stated that there are many cities in the same boat as Porterville, and that have been hit hard by the ERAF diversions.

City Manager Longley stated that by looking at the increment growth you could see that with a relatively stable debt service, any growth over time is going to have the city in a beneficial situation within a few years.

Mr. Dunlap briefly summarized the remaining tables in the packet provided to the council members.

City Manager Longley stated that the worst down side anticipated at this time would be having to ask the City for an advance.

2. REVIEW OF THE PRIORITY USE OF ENGINEERING RESOURCES

Public Works Director Baldo Rodriguez presented the review to council.

Mr. Rodriguez explained that a couple of weeks prior to the study session Mr. Reed and the staff in the Engineering Division put together a priority project list. At about the same time Mr. Dunlap and Mr. Perrine approached the City Engineer and explained to him that many of their projects require engineering resources. He explained that it was at that point that they realized that they just couldn’t go into this thing looking at only what engineering priorities are, but also take into consideration other projects that require engineering participation.

The principles from Community Development, Park, and Engineering all met to discuss the different projects and break the projects down into five categories, which are follows:

1. Projects considered priority
2. City Manager’s recommended priority
3. Projects already underway
4. Projects that are going to receive a diminished effort
5. Projects that are put aside

There was a criteria set up to determine which category a project should be placed. The point system was as follows:

- 3 points were awarded if a project was ready for construction.
- 5 points were awarded if a project was funding time dependent.
- 5 points were awarded if a project was underway and had contractual obligations.
- 5 points were awarded if a project if there was regulatory mandate.
• 4 points were awarded if a project was operational dependent.
• 2 points were awarded if a project was already under design.
• 1 point was awarded if preliminary engineering (fact finding) had occurred.
• 0 points were awarded to projects that were considered out-source able, meaning that the project could be given to a consultant and they could run with the project with no problem.

Baldo Rodriguez then presented different categories of projects. The list of the Council’s Priority Projects was presented first. The list consisted of the following projects:

- Murray Park Pool Project
- Murray Park Improvement
- W.D.R.C.E.O. Project
- Tule River Phase II
- Henderson Avenue Reconstruction
- East Side Water System Development
- Westwood Street Reconstruction
- Williford Street Reconstruction

The City Manager’s Recommended Priority Projects was the next category presented.

- Trailhead Park (formerly known as Rotary Park)
- Centennial Park
- Plano/Mulberry Traffic Signal

The third category of projects presented was ones that the city already has underway.

- N.C.C. Library Project
- The Headgate Wetlands Project
- Casas Buena Vista
- Well #27
- The Headgate Mitigation
- Hockett/Division Parking
- Memory Lane Widening
- Indiana Reconstruction
- Orange Avenue Reconstruction
- Waste Water Treatment Facility Revenue Program

The next category was the Diminished Projects category. These projects will basically be worked on when the projects listed above have been completed.

- Core Area Curb, Gutter, and Sidewalk Project
- Well #28
- F Street/Gibbon Water Main
The final category presented was the Deferred Projects List. The projects will move up in category as projects are completed.

- 4-Wheel Park Facility
- Sports Complex Softball Lighting
- G Street Reconstruction
- Jaye Street Reconstruction
- Rails for Trails
- Plano Street Bridge
- Traffic Signal #7 Putnam/Villa
- Skateboard Park
- Tule River Phase III
- Jaye Street Bridge

Baldo Rodriguez concluded by stating that if Council wished to make changes now or at a later date that staff will go back and re-evaluate the projects.

Council Member Irish asked if anyone recalled the safety concern regarding a traffic signal in front of Burton.

City Manager Longley stated that Mr. Rodriguez evaluated the situation and it did not warrant a traffic signal, but stop signs are to be installed to address the concern.

Mr. Rodriguez confirmed that by next week there would be a 4-way stop at Westwood and Westfield.

City Manager Longley asked if it were possible to install a barrier between the walkway on the Plano Street Bridge and the traffic, to prevent people from falling into traffic.

Mr. Rodriguez stated that he would look into that, and concluded his presentation.

ADJOURNMENT

The Council adjourned at 8:30 p.m. to the meeting of March 2, 2004 at 7:00 p.m.

________________________________________________________________________
Georgia Hawley, Deputy City Clerk

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Richard M. Stadtherr, Mayor

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By Luisa Herrera

SEAL

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Georgia Hawley, Deputy City Clerk

By Luisa Herrera

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