

NOTICE OF SPECIAL MEETING

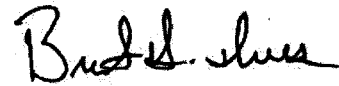
Pursuant to Section 54956 of the Government Code of the State of California, a Special Joint meeting of the **Tracy City Council/ Community Development Agency** is hereby called for:

Date/Time: **Monday, January 17, 2011, at 5:30 p.m.**
(or as soon thereafter as possible)

Location: **Council Chambers**
333 Civic Center Plaza
Tracy, CA 95376

Government Code Section 54954.3 states that every public meeting shall provide an opportunity for the public to address the Council/Agency on any item, before or during consideration of the item; however, no action shall be taken on any item not on the agenda.

1. Call to Order
2. Roll Call
3. Items from the Audience - In accordance with Procedures for Preparation, Posting and Distribution of Agendas and the Conduct of Public Meetings, adopted by Resolution 2008-140 any item not on the agenda brought up by the public at a meeting, shall be automatically referred to staff. If staff is not able to resolve the matter satisfactorily, the member of the public may request a Council/Agency Member to sponsor the item for discussion at a future meeting.
4. Adopt a Resolution of the City Council of the City of Tracy Approving a Public Improvements Grant and Cooperation Agreement and Making Certain Findings Thereto. (Additional documentation to be presented at meeting).
5. Adopt a Resolution of the Community Development Agency of the City of Tracy Approving a Public Improvements Grant and Cooperation Agreement and Making Certain Findings Thereto. (Additional documentation to be presented at meeting).
6. Adjournment



Mayor

January 14, 2011

The City of Tracy is in compliance with the Americans with Disabilities Act and will make all reasonable accommodations for the disabled to participate in employment, programs and facilities. Persons requiring assistance or auxiliary aids in order to participate should contact the City Manager's Office at (209) 831-6105 at least 24 hours prior to the meeting.

Any materials distributed to the majority of the Council/Agency regarding any item on this agenda will be made available for public inspection in the City Clerk's office located at 333 Civic Center Plaza, Tracy, during normal business hours.

January 17, 2011

CC AGENDA ITEM 4
CDA AGENDA ITEM 5

REQUEST

APPROVAL OF A PUBLIC IMPROVEMENTS GRANT AND COOPERATION AGREEMENT AND MAKING CERTAIN FINDINGS RELATED THERETO

EXECUTIVE SUMMARY

The Community Development Agency of the City of Tracy (the "Agency") and the City of Tracy (the "City") desire to enter into a Public Improvements Grant and Cooperation Agreement (the "Agreement") for the purpose of installing certain public improvements within the Tracy Community Development Project Area (the "Project Area") for the purposes of implementing the Tracy Community Development Plan (the "Redevelopment Plan").

DISCUSSION

Background

The Agency has adopted the Community Redevelopment Plan (the "Redevelopment Plan"). To assist in implementing the Redevelopment Plan, the Agency has adopted a five (5)-year implementation plan (the "Implementation Plan") pursuant to Section 33490 of the Redevelopment Law. The Redevelopment Plan and Implementation Plan call for the Agency to fund certain public improvements to encourage private sector investment in the Project Area to eliminate blight. The City is much better equipped to cause the installation of such public improvements; therefore, the Agency and the City desire that the Agency will fund and the City will acquire any necessary land for, and design and construct various elements of public improvements and facilities owned or to be owned by the City, as more fully set forth in Exhibit A to the Agreement. Exhibit A in its entirety is referred to in the Agreement as the "Improvement Plan," and the improvements listed in the Improvement Plan are referred to individually as a "Public Improvement Project" and collectively as the "Public Improvement Projects." The Improvement Plan set forth in Exhibit A includes the currently estimated costs of implementing the Public Improvement Projects.

Subject to the terms and conditions of the Agreement, the Agency will grant to the City, a grant (the "Grant") in an amount not to exceed the total amount shown for all Public Improvement Projects in the Improvement Plan attached to the Agreement as Exhibit A at the time of execution of the Agreement (the "Maximum Grant Amount"), for use by the City to complete the Public Improvement Projects. The sources of the Grant from the Agency to the City shall consist of:

All funds currently held by the Agency (other than in the Agency's Low and Moderate Income Housing Fund) and not previously budgeted or appropriated for other activities, projects, or programs (the "Available Funds"); and

All future tax increment revenue allocated to the Agency pursuant to the Redevelopment Plan and the Redevelopment Law and available to the Agency after the Agency: (1) makes all necessary annual payments with respect to then existing debt obligations of the Agency, including, without limitation, bonded indebtedness, pass-through payments owed to affected taxing entities under agreement or Sections 33607.5 or 33607.7 of the Redevelopment Law, written agreements with other persons or entities, deposits to the Agency's Low and Moderate Income Housing Fund pursuant to the Redevelopment Law, and any other statutorily required payment obligations of the Agency; and (2) sets aside a reasonable amount for Agency administration as mutually determined by the City and the Agency (collectively, the "Pledged Funds").

In no event shall the sum of the Available Funds and the Pledged Funds exceed the Maximum Grant Amount.

Improvement Plan

The Improvement Plan consists of the acquisition and improvement of land for, design, construction, and related activities to complete the following Public Improvement Projects:

DOWNTOWN INFRASTRUCTURE: In and around Downtown are several "opportunity sites" for private sector investment. Each of these vacant sites share a common obstacle to development in that adequate sewer and water conveyance, and storm drainage infrastructure is required. Many of the infrastructure systems currently in place have deteriorated or were put in place decades ago and do not contain capacities to accommodate new development. No individual site is large enough to finance the required infrastructure; many sites are under separate ownership, are geographically spread out and would develop under varying time-frames. As a result, development of Downtown has stymied, which has limited the Agency's and City's ability to channel growth to infill sites.

Following is the cost summary of needed infrastructure to accommodate new development in and around Tracy's downtown:

- Wastewater conveyance system improvements
Up to the treatment plant for additional capacity \$ 5.5 Million
- Water line improvements for additional capacity \$ 2.9 Million
- Storm Drainage Improvements for additional
Capacity and detention ponds \$ 5.8 Million
- Contingency for additional public infrastructure
needed to facilitate, promote or attract
downtown development \$ 2.8 Million

Total Estimated Cost	\$ 17 Million
----------------------	---------------

DOWNTOWN PLAZA: The reason Downtown needs revitalization is because it has, over time, lost its position as a location that draws in people and investment. The Agency/ City must use their limited resources to set the stage for the next round of residential development. Revitalization efforts should be primarily focused on enhancing the conditions that make downtown more attractive than other locations by providing an environment that adds value to and distinguishes the district. The key to this effort is urban amenity. Downtown is in need of significant injections of amenity. Today, place-making has become more valuable, not just as a way of increasing livability but as a way of growing the local economy. In the absence of demand for residential units (as in the current economic downturn) concentrating first on place-making, dramatically enhances the core pedestrian environment.

The Downtown Plaza is currently under design as a large scale urban plaza to be located on the east side of Central Avenue between Central Avenue and D Street along 6th Street in front of the new Transit Station. It will contain interactive water features, hardscape, landscape, street furniture a pavilion structure, and the reconfiguration of 6th street to include a couplet and roundabout at the intersection of 6th Street and Central Avenue.

Total Estimated Cost	\$6 Million
----------------------	-------------

ACQUISITION OF REAL PROPERTY AND ASSISTANCE FOR PUBLIC IMPROVEMENTS AND RELATED PUBLIC-PRIVATE IMPROVEMENTS TO ELIMINATE BLIGHT AND REVITALIZE DOWNTOWN: While simultaneously focusing efforts to ultimately increase the population of captive customers within walking distance of Downtown shops, strategic actions should also be focused on enhancing the appeal of the Downtown Core to people outside Downtown's immediate neighborhood. This requires that resources be focused on the retention and addition of the special, one-of-a-kind shops and eateries that distinguish Downtown from the malls and strip

centers. To do so it is critical to identify and assemble the spaces in the Core that are available or that could be made available and to do what is needed to get those spaces ready for new investment. Because the majority of public improvements and infrastructure and nearby private use areas in downtown are old, it is more costly for a business to open a store in downtown as it is to a similar sized location in a newer commercial center. Acquiring spaces for public improvements and related public private ventures , assisting in site preparation and the creation of the ultimate improvements, and then marketing them aggressively is fundamental to revitalization.

• Property Acquisition/ Remediation	\$ 6 Million
• Parking Improvements	\$ 5 Million
• Off-Site Improvements	<u>\$ 3 Million</u>
Total Estimated Cost	\$ 14 Million

DOWNTOWN WAY FINDING SIGN PROGRAM: The reason Downtown needs revitalization is because it has, over time, lost its position as a location that draws in people and investment. The railroad crossroads and the city's first arterial were once the area's primary transportation arteries, making Downtown the most desirable place (initially the only place) to live or to locate a business in Tracy. As the City grew (and automobiles replaced trains as the primary mode of transportation), newer and bigger arterials were located increasingly far away from the original core settlement to serve new housing development, drawing retail investment to the newer, busier intersections that were also closer to the new residential development. Eventually the major regional highways and highway interchanges were constructed even farther away from Downtown, drawing much of the investment and real estate value far away from the historic core. Disinvestment ensued. A Downtown Way Finding Signage Program will help direct potential customers to Downtown.

Estimated Cost: \$250,000

Legal Compliance

Section 33445 of the California Health and Safety Code requires that the City Council make the following findings in order for the Agency to fund the Public Improvement Project as identified in the Improvement Plan:

1. The Public Improvement Projects are of benefit to the Project Area as they will eliminate one or more blighting conditions in the following manner:
 - a. Downtown Infrastructure – these improvements will benefit the Project Area by replacing aged, inadequate and deteriorated infrastructure, including water and sewer, which will encourage private sector investment and eliminate economic and physical blight and which are cost prohibitive for the private sector to install without public assistance;

- b. Downtown Plaza – this improvement will benefit the Project Area by making downtown more attractive than other locations by providing an environment that adds value to and distinguishes the district from other investment opportunities thereby stimulating private sector investment and eliminating economic and physical blight, by among other methods, reducing and eliminating empty, unsafe, or unhealthy buildings and alleviating stagnant property values;
 - c. Participation/ Acquisition of Real Property for Public Improvements and related Public-Private Improvements – these improvements will benefit the Project Area by identifying public improvements and related public-private partnerships that will result in new investment and eliminate economic and physical blight;
 - d. Downtown Way Finding Sign Program – this improvement will benefit the Project Area by guiding potential customers to Downtown which is located away from the major regional highways and highway interchanges where recent commercial investment has occurred. As Downtown retailers are able to increase their sales per square foot it will encourage new private investment which will eliminate economic and physical blight.
2. There are no other reasonable means of financing the cost of the Improvements available to the community as the General Fund has a significant operating budget deficit nor has the money available in its capital budget to pay for the cost of the Public Improvement Projects.

The Public Improvement Projects are provided for in the Redevelopment Plan, and are consistent with the Implementation Plan. Implementation of the Public Improvement Projects will benefit the Project Area and will assist in the elimination of blight in the Project Area and the provision of affordable housing in the community. The Agency's use of funds as provided in the Agreement is authorized by the Redevelopment Law, and the Agency and City Council have made all findings required under the Redevelopment Law for such use.

Pursuant to State CEQA Guidelines Section 15378(b)(4), approval of the Agreement is not a project subject to the California Environmental Quality Act ("CEQA"), because this Agreement consists of the creation of a governmental funding mechanism for various public improvements, but does not commit funds to any specific public improvement, in that environmental review required by CEQA shall be completed prior to the commencement of any Public Improvement Project listed in the Improvement Plan.

FISCAL IMPACT

This action will essentially appropriate all existing and future available financial resources of the Agency and results in the need to amend both the Agency and City FY 10-11 budget to the extent necessary to make such appropriation.

RECOMMENDATION

Staff recommends that the Agency take the following actions:

1. Make the required findings in compliance with Section 33445 of the Health and Safety Code;
2. Approve the Agreement;
3. Authorize and direct the Executive Director to sign the Agreement on behalf of the Agency; and
4. Amend the Agency FY 10-11 Budget to the extent necessary to appropriate all existing and future available financial resources of the Agency.

Staff recommends that the City take the following actions:

1. Make the required findings in compliance with Section 33445 of the Health and Safety Code;
2. Approve the Agreement;
3. Authorize and direct the City Manager to sign the Agreement on behalf of the City; and
4. Amend the City FY 10-11 Budget to the extent necessary to accept all existing and future available financial resources of the Agency.

Prepared by: Ursula Luna-Reynosa, Economic Development Director

Approved by: Leon Churchill, Jr., City Manager

Attachments Resolutions (2)
Agreement

RESOLUTION 2011-020

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TRACY, APPROVING A PUBLIC IMPROVEMENTS GRANT AND COOPERATION AGREEMENT AND MAKING CERTAIN FINDINGS RELATED THERETO

The City Council of the City of Tracy resolves as follows:

WHEREAS, the City Council ("City Council") of the City of Tracy ("City") has adopted and amended, from time to time, the Tracy Community Development Plan ("Redevelopment Plan") for the Tracy Community Development Project Area ("Project Area"); and

WHEREAS, the Redevelopment Agency of the City of Tracy ("Agency") is engaged in various activities in its efforts to remove the blighting conditions that still remain in the Project Area; and

WHEREAS, in keeping with the goals of the Agency to eliminate blight and reduce physical and economic blight in accordance with the Redevelopment Plan and Agency's current Implementation Plan ("Implementation Plan"), the City and Agency have been working cooperatively regarding the development of certain public improvements in the Project Area; and

WHEREAS, due to the complexity of the projects and the varying funding sources, the Agency and the City mutually desire to enter into a Public Improvements Grant and Cooperation Agreement (the "Agreement", a copy of which is on file with the City Clerk) and Agency Secretary through which the Agency shall pay for designated portions of, and the City shall conduct, public improvement projects to alleviate blighting conditions in the Project Area as set forth in the proposed Agreement; and

WHEREAS, implementation of the Agreement will assist the Agency to accomplish the stated goals in the Redevelopment Plan and its current Implementation Plan as described in the staff report accompanying this Resolution (the "Staff Report"); and

WHEREAS, under the California Redevelopment Law (Health and Safety code Section 33100 et seq.; the "Law"), before the Agency can expend money for public improvements, the Agency and the City must make specified findings pursuant to Health and Safety Code Section 33445; and

WHEREAS, pursuant to the Law, the Agency is authorized, with the consent of the City Council to pay for part, or all, of the costs of public improvements that are of benefit to the Project Area; and

WHEREAS, no other reasonable means of financing the estimated cost of the public improvements are available to the City or the community; and

WHEREAS, pursuant to State CEQA Guidelines Section 15378(b)(4), approval of the Agreement is not a project subject to the California Environmental Quality Act

("CEQA"), because the Agreement consists of the creation of a governmental funding mechanism for various public improvements, but does not commit funds to any specific public improvement, in that environmental review required by CEQA shall be completed prior to the commencement of any public improvement listed in the Agreement; and

WHEREAS, the Staff Report, the Redevelopment Plan, the report to City Council accompanying the Redevelopment Plan, and the Implementation Plan provide additional information upon which the findings and actions set forth in this Resolution are based.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Tracy as follows:

Section 1.

All the Recitals above are true and correct and incorporated herein.

Section 2.

In compliance with Section 33445 of the Law, the City Council hereby finds that: (a) the acquisition of the land or the installation or construction of the public improvements listed in the Agreement that are publicly owned are of benefit to the Project Area by helping to eliminate blight within the Project Area or providing housing for low- or moderate-income persons; (b) no other reasonable means of financing the acquisition of land or the installation or construction of the public improvements listed in the Agreement that are publicly owned are available to the community; and (c) the appropriation and payment of funds by the Agency for the acquisition of land or the cost of the public improvements listed in the Agreement that are publicly owned is consistent with the Agency's current Implementation Plan. These findings are based on the facts and analysis in the Staff Report incorporated in this Resolution.

Section 3.

The City Council consents to the Agency expenditures as called for in the Agreement for the public improvement projects listed in the Agreement, subject to completion of any environmental review required by CEQA prior to the commencement of any improvement listed in the Agreement.

Section 4.

The City Council hereby approves the Agreement and authorizes the City Manager to enter into and execute the Agreement on behalf of the City for the funding and completion of the projects listed in the Agreement, substantially in the form on file with the Agency Secretary and the City Clerk, with such revisions as are reasonably determined necessary by the City signatory, such determination to be conclusively deemed to have been made by the execution of the Agreement by the City signatory. The City Manager is authorized to implement the Agreement and take all further actions and execute all other documents which are necessary or appropriate to carry out the Agreement.

Section 5.

The City Manager is hereby authorized and directed to file Notices of Exemption with respect to the Agreement in accordance with the applicable provisions of CEQA.

Section 6.

The City Manager is hereby authorized to take such further actions as may be necessary or appropriate to carry out the City's obligations pursuant to this Resolution and the Agreement.

Section 7.

The City Clerk shall certify to the adoption of this Resolution.

Section 8.

This Resolution shall take effect immediately upon adoption.

th

The foregoing Resolution 2011-020 was adopted by the City Council on the 17 day of January 2011, by the following vote:

AYES: COUNCIL MEMBERS: ABERCROMBIE, ELLIOTT, MACIEL, RICKMAN
NOES: COUNCIL MEMBERS: NONE
ABSENT: COUNCIL MEMBERS: IVES
ABSTAIN: COUNCIL MEMBERS: NONE

MAYOR

ATTEST:

CITY CLERK

CDA RESOLUTION 249

A RESOLUTION OF THE COMMUNITY DEVELOPMENT AGENCY OF
THE CITY OF TRACY, APPROVING A PUBLIC IMPROVEMENTS GRANT
AND COOPERATION AGREEMENT AND MAKING CERTAIN FINDINGS
RELATED THERETO

The Community Development Agency of the City of Tracy resolves as follows:

WHEREAS, the City Council ("City Council") of the City of Tracy ("City") has adopted and amended, from time to time, the Tracy Community Development Plan ("Redevelopment Plan") for the Tracy Community Development Project Area ("Project Area"); and

WHEREAS, the Community Development Agency of the City of Tracy ("Agency") is engaged in various activities in its efforts to remove the blighting conditions that still remain in the Project Area; and

WHEREAS, in keeping with the goals of the Agency to eliminate blight and reduce physical and economic blight in accordance with the Redevelopment Plan and Agency's current Implementation Plan ("Implementation Plan"), the City and Agency have been working cooperatively regarding the development of certain public improvements in the Project Area; and

WHEREAS, due to the complexity of the projects and the varying funding sources, the Agency and the City mutually desire to enter into a Public Improvements Grant and Cooperation Agreement (the "Agreement", a copy of which is on file with the City Clerk) and Agency Secretary through which the Agency shall pay for designated portions of, and the City shall conduct, public improvement projects to alleviate blighting conditions in the Project Area as set forth in the proposed Agreement; and

WHEREAS, implementation of the Agreement will assist the Agency to accomplish the stated goals in the Redevelopment Plan and its current Implementation Plan as described in the staff report accompanying this Resolution (the "Staff Report"); and

WHEREAS, under the California Redevelopment Law (Health and Safety code Section 33100 et seq.; the "Law"), before the Agency can expend money for public improvements, the Agency and the City must make specified findings pursuant to Health and Safety Code Section 33445; and

WHEREAS, pursuant to the Law, the Agency is authorized, with the consent of the City Council to pay for part, or all, of the costs of public improvements that are of benefit to the Project Area; and

WHEREAS, no other reasonable means of financing the estimated cost of the public improvements are available to the City or the community; and

WHEREAS, pursuant to State CEQA Guidelines Section 15378(b)(4), approval of the Agreement is not a project subject to the California Environmental Quality Act ("CEQA"), because the Agreement consists of the creation of a governmental funding mechanism for various public improvements, but does not commit funds to any specific public improvement, in that environmental review required by CEQA shall be completed prior to the commencement of any public improvement listed in the Agreement; and

WHEREAS, the Staff Report, the Redevelopment Plan, the report to City Council accompanying the Redevelopment Plan, and the Implementation Plan provide additional information upon which the findings and actions set forth in this Resolution are based.

NOW, THEREFORE BE IT RESOLVED by the Community Development Agency of the City of Tracy as follows:

Section 1.

All the Recitals above are true and correct and incorporated herein.

Section 2.

In compliance with Section 33445 of the Law, the Agency hereby finds that: (a) the acquisition of the land or the installation or construction of the public improvements listed in the Agreement that are publicly owned are of benefit to the Project Area by helping to eliminate blight within the Project Area or providing housing for low- or moderate-income persons; (b) no other reasonable means of financing the acquisition of land or the installation or construction of the public improvements listed in the Agreement that are publicly owned are available to the community; and (c) the appropriation and payment of funds by the Agency for the acquisition of land or the cost of the public improvements listed in the Agreement that are publicly owned is consistent with the Agency's current Implementation Plan. These findings are based on the facts and analysis in the Staff Report incorporated in this Resolution.

Section 3.

The Agency agrees to make the expenditures as called for in the Agreement for the public improvement projects listed in the Agreement, subject to completion of any environmental review required by CEQA prior to the commencement of any improvement listed in the Agreement.

Section 4.

The Agency hereby approves the Agreement and authorizes the Agency Executive Director to enter into and execute the Agreement on behalf of the Agency for the funding and completion of the projects listed in the Agreement, substantially in the form on file with the Agency Secretary and the City Clerk, with such revisions as are reasonably determined necessary by the Agency signatory, such determination to be conclusively deemed to have been made by the execution of the Agreement by the Agency signatory. The Agency Executive Director is authorized to implement the Agreement and take all further actions and execute all other documents which are necessary or appropriate to carry out the Agreement.

Section 5.

The Agency hereby approves and appropriates (to the extent not already appropriated) the amounts necessary to fund the Agency's obligations under the Agreement as a lawful expenditure of Agency funds under the Law. The Agency's current fiscal year budget is hereby amended to the extent necessary to implement the foregoing appropriation.

Section 6.

The Agency Executive Director is hereby authorized and directed to file Notices of Exemption with respect to the Agreement in accordance with the applicable provisions of CEQA.

Section 7.

The Agency Executive Director is hereby authorized to take such further actions as may be necessary or appropriate to carry out the Agency's obligations pursuant to this Resolution and the Agreement.

Section 8.

The Agency Secretary shall certify to the adoption of this Resolution.

Section 9.

This Resolution shall take effect immediately upon adoption.

The foregoing CDA Resolution 249 was passed and adopted by the City of Tracy Community Development Agency on the 17th day of January, 2011, by the following vote:

AYES: BOARD MEMBERS: ABERCROMBIE, ELLIOTT, MACIEL, RICKMAN

NOES: BOARD MEMBERS: NONE

ABSENT: BOARD MEMBERS: IVES

ABSTAIN: BOARD MEMBERS: NONE

Chairperson

ATTEST:

Secretary

PUBLIC IMPROVEMENTS GRANT
AND COOPERATION AGREEMENT FOR THE
TRACY COMMUNITY DEVELOPMENT PROJECT AREA

This Public Improvements Grant and Cooperation Agreement (the "Agreement") is for purposes of funding acquisition, design and construction of various public improvements owned or to be owned by the City of Tracy (the "City"), and is entered into as of January 17, 2011 by and between the City and the Community Development Agency of the City of Tracy (the "Agency"), on the basis of the following facts, understandings and intentions of the parties:

RECITALS

A. Pursuant to the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.; the "Redevelopment Law"), the City Council of the City has adopted and the Agency is responsible for implementing the Community Development Plan (the "Redevelopment Plan") for the Tracy Community Development Project Area (the "Project Area").

B. To assist in implementing the Redevelopment Plan, the Agency has adopted a five (5)-year implementation plan (the "Implementation Plan") pursuant to Section 33490 of the Redevelopment Law.

C. The Agency and the City desire that the Agency will fund and the City will acquire any necessary land for, and design and construct various elements of public improvements and facilities owned or to be owned by the City, as more fully set forth in Exhibit A attached to and incorporated in this Agreement by this reference. Exhibit A in its entirety is referred to in this Agreement as the "Improvement Plan," and the improvements listed in the Improvement Plan are referred to individually as a "Public Improvement Project" and collectively as the "Public Improvement Projects." The Improvement Plan set forth in Exhibit A includes the currently estimated costs of implementing the Public Improvement Projects.

D. The Public Improvement Projects are provided for in the Redevelopment Plan, and are consistent with the Implementation Plan. Implementation of the Public Improvement Projects will benefit the Project Area and will assist in the elimination of blight in the Project Area and the provision of affordable housing in the community. The Agency's use of funds as provided in this Agreement is authorized by the Redevelopment Law, and the Agency and City Council have made all findings required under the Redevelopment Law for such use.

E. Pursuant to State CEQA Guidelines Section 15378(b)(4), approval of the Agreement is not a project subject to the California Environmental Quality Act ("CEQA"), because this Agreement consists of the creation of a governmental funding mechanism for various public improvements, but does not commit funds to any specific public improvement, in that environmental review required by CEQA shall be completed prior

to the commencement of any Public Improvement Project listed in the Improvement Plan contained in Exhibit A.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the City and the Agency agree as follows:

ARTICLE 1 AGENCY GRANT

Section 1.1 Agency Grant. Subject to the terms and conditions of this Agreement, the Agency hereby grants to the City, and the City hereby accepts from the Agency, a grant (the "Grant") in an amount not to exceed the total amount shown for all Public Improvement Projects in the Improvement Plan attached to this Agreement as Exhibit A at the time of execution of this Agreement (the "Maximum Grant Amount"), for use by the City to complete the Public Improvement Projects as further provided in Article 2.

Section 1.2 Grant Source. The sources of the Grant from the Agency to the City consist of:

(a) All funds currently held by the Agency (other than in the Agency's Low and Moderate Income Housing Fund) and not previously budgeted or appropriated for other activities, projects, or programs (the "Available Funds"); and

(b) All future tax increment revenue allocated to the Agency pursuant to the Redevelopment Plan and the Redevelopment Law and available to the Agency after the Agency: (1) makes all necessary annual payments with respect to then existing debt obligations of the Agency, including, without limitation, bonded indebtedness, pass-through payments owed to affected taxing entities under agreement or Sections 33607.5 or 33607.7 of the Redevelopment Law, written agreements with other persons or entities, deposits to the Agency's Low and Moderate Income Housing Fund pursuant to the Redevelopment Law, and any other statutorily required payment obligations of the Agency; and (2) sets aside a reasonable amount for Agency administration as mutually determined by the City and the Agency (collectively, the "Pledged Funds").

In no event shall the sum of the Available Funds and the Pledged Funds exceed the Maximum Grant Amount.

Section 1.3 Payment Procedure. The Agency shall pay the Available Funds to the City within ten (10) days of the date of this Agreement. The Agency shall pay the Pledged Funds to the City within ten (10) days after receipt of each installment of tax increment revenue in an amount equal to the portion of such tax increment revenue constituting Pledged Funds. Until needed to fund a Public Improvement Project, the City shall invest all Grant funds received from the Agency in the Local Agency Investment Fund or other comparable investment vehicle, and shall apply all interest earned thereon toward the cost of the Public Improvement Projects. Any Grant funds

held by or for the benefit of the City at the earlier of (a) completion of and payment for all of the Public Improvement Projects or (b) the Plan Effectiveness Deadline (as defined in Section 2.1) shall be promptly reimbursed by the City to the Agency, and may thereafter be used by the Agency free of any obligation under this Agreement.

Section 1.4 Indebtedness of the Agency. The obligation of the Agency to pay the Available Funds and the Pledged Funds to the City shall constitute an indebtedness of the Agency incurred in carrying out the Redevelopment Plan and a pledge of tax increment received by the Agency from the Project Area to repay such indebtedness under the provisions of Article XVI, Section 16 of the Constitution of the State of California, the Redevelopment Law, and the Redevelopment Plan.

Section 1.5 Subordination. The parties agree that the obligation of the Agency to make payments pursuant to this Agreement is subordinate to: (a) any obligation of the Agency to pay debt service on tax increment bonds, or any other loans or agreements, heretofore or hereafter issued and secured by a pledge of and a lien upon tax increment revenue generated by the Agency in the Project Area; (b) any required deposits or related payments to the Agency's Low and Moderate Income Housing Fund; and (c) any pass-through payment obligation to affected taxing entities.

ARTICLE 2 COMPLETION OF PUBLIC IMPROVEMENT PROJECTS

Section 2.1 Use of Grant. The City shall use the Grant exclusively for the completion of the Public Improvement Projects in accordance with the terms and conditions of this Agreement. Among other activities, the City may use the Grant to pay costs of land acquisition, relocation, demolition, site preparation and remediation, design, and construction of the Public Improvement Projects, and reasonable staff, consultant and other administrative costs in connection therewith. The City shall undertake the Public Improvement Projects in accordance with all applicable laws and regulations, including without limitation, laws and regulations related to competitive bidding of public works projects, payment of prevailing wages, non-discrimination, and the use of tax-exempt bond proceeds, if and to the extent such tax-exempt bond proceeds constitute a portion of the Grant funds. The City shall use the Grant funds for completion of the various Public Improvement Projects by not later than the deadline for effectiveness of the Redevelopment Plan (the "Plan Effectiveness Deadline"), as set forth in the Redevelopment Plan.

Section 2.2 Consultation; Modification of Improvement Plan. The Agency and the City shall confer periodically to establish priorities and timing for funding and completion of the various Public Improvement Projects, to review the scope and design of each Public Improvement Project, and to determine any mutually acceptable modifications in the cost estimates and budgets for the various Public Improvement Projects. The City and Agency may modify the Improvement Plan from time to time: to provide for the use of additional federal, state and local funds; to account for unexpected revenues, whether greater or lesser; to modify, add, or delete a Public

Improvement Project from the Improvement Plan; to modify the cost estimate for individual Public Improvement Projects; to maintain consistency with the City's General Plan or the Redevelopment Plan; or to take into consideration unforeseen circumstances, including without limitation circumstances that may come to light as a result of subsequent environmental review required by CEQA, as further described in Section 2.3. The Improvement Plan may be modified by the City Manager on behalf of the City and the Executive Director on behalf of the Agency; provided, however, in no event shall the total Grant to be paid by the Agency to the City exceed the Maximum Grant Amount without a formal amendment of this Agreement approved by the City Council and the Agency Board; and, provided further, however, that any addition of a Public Improvement Project to the Improvement Plan shall be conditioned upon the making of all required Redevelopment Law findings and CEQA findings by the City Council and the Agency Board in their policy discretion.

Section 2.3 CEQA Review. Prior to the approval, use of Grant funds, and commencement of work on any Public Improvement Project listed in the Improvement Plan (other than preliminary feasibility work that is exempt from the requirements of CEQA), all necessary environmental review required by CEQA shall be completed. All Public Improvement Projects to be funded with Grant funds from the Agency pursuant to this Agreement must be consistent with CEQA. This Agreement in no way limits the discretion of the Planning Commission, the Agency, and City Council in completing environmental review of the Public Improvement Projects.

Section 2.4 Ongoing City Obligations. Following completion, the City shall be responsible for causing the operation and maintenance of each Public Improvement Project in accordance with City policies and standards for such improvements then in effect and as amended from time to time. The Agency's grant and the City's acceptance of the Grant shall not imply any ownership or responsibility for the Public Improvement Projects by the Agency, and the City shall retain any and all responsibility and liability for them.

Section 2.5 Indemnity. The City shall indemnify, defend, and hold the Agency, its officers, agents, and employees, harmless against all claims, demands, damages, losses, costs, expenses, including without limitation, attorneys' fees and costs of litigation, or liabilities made against them which arise out of, or in connection with, the construction or failure of the Public Improvement Projects; provided, however, that this indemnity shall not extend to any claim arising solely from the Agency's negligence or the Agency's negligent failure to perform its obligations under this Agreement.

ARTICLE 3 GENERAL PROVISIONS

Section 3.1 Non-Liability of Officials. No member, official, employee or agent of the Agency shall be personally liable to the City, or any successor in interest, in the event of any default or breach by the Agency for any amount which may become due to the City or successor or on any obligation under the terms of this Agreement. No

member, official, employee or agent of the City shall be personally liable to Agency, or any successor in interest, in the event of any default or breach by the City for any amount which may become due to the Agency or successor or on any obligation under the terms of this Agreement.

Section 3.2 Actions of the Parties. Except as otherwise provided in this Agreement, whenever this Agreement calls for or permits a party's approval, consent, or waiver, the written approval, consent, or waiver of the Agency's Executive Director and the City's City Manager (or their respective designees) shall constitute the approval, consent, or waiver of the Agency and the City, respectively, without further authorization required from the governing board of the party; provided, however, that the person vested with such authority may seek such further advice or authorization from the applicable governing board when she/he deems it appropriate.

Section 3.3 Nondiscrimination.

(a) In Performance of Agreement. The City and its contractors, subcontractors, agents, and employees shall not, because of the race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry, familial status, source of income, age, or disability of any person, refuse to hire or employ the person, or refuse to select the person for a training program leading to employment, or bar or discharge the person from employment or from a training program leading to employment, or discriminate against the person in compensation or in terms, conditions or privileges of employment with respect to performance of this Agreement.

(b) With Respect to Use of the Public Improvements Projects. The City covenants by and for itself and its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry, familial status, source of income, age, or disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Public Improvement Projects.

Section 3.4 No Third Party Beneficiaries. No person or entity other than the Agency, the City and their permitted successors and assigns, shall have any right of action under this Agreement.

Section 3.5 State Law. This Agreement, and the rights and obligations of the parties hereto, shall be construed and enforced in accordance with the laws of the State of California.

Section 3.6 Records. The City shall maintain complete and accurate financial accounts, documents and records with respect to the performance of its obligations under this Agreement, and shall make same available to the Agency's authorized agents for copying and auditing upon reasonable prior notice. Such accounts, documents and records shall be retained by the City for the longer of two (2) years following completion of the applicable Public Improvement Project or whatever retention period the City has designated for such documents.

Section 3.7 Inspection of Documents. During the regular office hours and upon reasonable prior notice, the City and the Agency, by their duly authorized representatives, shall have the right to inspect and make copies of any books, records or reports of the other party pertaining to this Agreement.

Section 3.8 Additional Acts. The parties each agree to take such other and additional actions and execute and deliver such other and additional documents as may be reasonably requested by the other party for purposes of consummating the transactions contemplated in this Agreement.

Section 3.9 Litigation Regarding Agreement Validity. In the event litigation is initiated attacking the validity of this Agreement, each party shall in good faith defend and seek to uphold the Agreement.

Section 3.10 Validity of Agreement. If any provisions of this Agreement, or the application thereof to any person, party, transaction, or circumstance, is held invalid, the remainder of this Agreement, or the application of such provision to other persons, parties, transactions, or circumstances, shall not be affected thereby.

Section 3.11 Entire Agreement; Modification and Amendment. This Agreement contains all of the agreements and understandings of the parties pertaining to the subject matter contained herein and supersedes all prior or contemporaneous agreements, representations and understandings of the parties. Except as otherwise provided in Section 2.2, this Agreement cannot be amended or modified except by written agreement of the parties.

Section 3.12 Defaults and Remedies. If either party breaches any other material provision of this Agreement, the other party shall first notify the breaching party in writing of the purported breach or failure, giving the breaching party thirty (30) days from receipt of such notice to cure or, if cure cannot be accomplished within thirty (30) days, to commence to cure such breach, failure, or act. In the event the breaching party does not then so cure within such thirty (30) days, or if the breach or failure is of such a nature that it cannot be cured within thirty (30) days, the breaching party fails to commence to cure within such thirty (30) days and thereafter diligently complete such cure within a reasonable time thereafter but in no event later than one hundred twenty (120) days, then the non-breaching party shall be afforded all of its rights at law or in equity, by taking all or any of the following remedies: (a) terminating in writing this Agreement (provided, however, that the indemnification provisions of this Agreement shall survive such termination); and (b) prosecuting an action for damages or specific performance.

Section 3.13 Attorneys' Fees. In any action which a party brings to enforce its rights hereunder, the unsuccessful party shall pay all costs incurred by the prevailing party, including reasonable attorneys' fees.

Section 3.14 Binding Upon Successors. This Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest

and assigns of each of the parties to this Agreement. Any reference in this Agreement to a specifically named party shall be deemed to apply to any successor, heir, administrator, executor or assign of such party who has acquired an interest in compliance with the terms of this Agreement, or under law.

Section 3.16 Time Of The Essence. Time is of the essence in the performance of all duties and obligations under this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed as of the date set forth in the opening paragraph of this Agreement.

COMMUNITY DEVELOPMNET AGENCY OF
THE CITY OF TRACY

Approved as to Form

Daniel Sodergren, Agency Counsel

R. Leon Churchill, Jr., Executive Director

CITY OF TRACY

Approved as to Form

Daniel Sodergren, City Attorney

R. Leon Churchill, Jr., City Manager

EXHIBIT A
IMPROVEMENT PLAN

The Improvement Plan consists of the acquisition and improvement of land for, design, construction, and related activities to complete the following Public Improvement Projects:

DOWNTOWN INFRASTRUCTURE: In and around Downtown are several “opportunity sites” for private sector investment. Each of these vacant sites share a common obstacle to development in that adequate sewer and water conveyance, and storm drainage infrastructure is required. Many of the infrastructure systems currently in place have deteriorated or were put in place decades ago and do not contain capacities to accommodate new development. No individual site is large enough to finance the required infrastructure; many sites are under separate ownership, are geographically spread out and would develop under varying time-frames. As a result, development of Downtown has stymied, which has limited the Agency’s and City’s ability to channel growth to infill sites.

Following is the cost summary of needed infrastructure to accommodate new development in and around Tracy’s downtown:

• Wastewater conveyance system improvements Up to the treatment plant for additional capacity	\$ 5.5 Million
• Water line improvements for additional capacity	\$ 2.9 Million
• Storm Drainage Improvements for additional Capacity and detention ponds	\$ 5.8 Million
• Contingency for additional public infrastructure needed to facilitate, promote or attract downtown development	\$ 2.8 Million
Total Estimated Cost	<hr/> \$ 17 Million

DOWNTOWN PLAZA: The reason Downtown needs revitalization is because it has, over time, lost its position as a location that draws in people and investment. The Agency/ City must use their limited resources to set the stage for the next round of residential development. Revitalization efforts should be primarily focused on enhancing the conditions that make downtown more attractive than other locations by providing an environment that adds value to and distinguishes the district. The key to this effort is urban amenity. Downtown is in need of significant injections of amenity. Today, place-making has become more valuable, not just as a way of increasing livability but as a way of growing the local economy. In the absence of demand for residential units (as in the current economic downturn) concentrating first on place-making, dramatically enhances the core pedestrian environment.

The Downtown Plaza is currently under design as a large scale urban plaza to be located on the east side of Central Avenue between Central Avenue and B Street along 6th Street in front of the new Transit Station. It will contain interactive water features, hardscape, landscape, street furniture a pavilion structure, and the reconfiguration of 6th street to include a couplet and roundabout at the intersection of 6th Street and Central Avenue.

Total Estimated Cost \$6 Million

ACQUISITION OF REAL PROPERTY AND ASSISTANCE FOR PUBLIC IMPROVEMENTS AND RELATED PUBLIC-PRIVATE IMPROVEMENTS TO ELIMINATE BLIGHT AND REVITALIZE DOWNTOWN:

While simultaneously focusing efforts to ultimately increase the population of captive customers within walking distance of Downtown shops, strategic actions should also be focused on enhancing the appeal of the Downtown Core to people outside Downtown’s immediate neighborhood. This requires that resources be focused on the retention and addition of the special, one-of-a-kind shops and eateries that distinguish Downtown from the malls and strip centers. To do so it is critical to identify spaces in the Core that are available or that could be made available and to do what is needed to get those spaces ready for new investment. Because the majority of public improvements, infrastructure, and nearby private use areas in downtown are old, it is more costly for a business to open a store in downtown as it is to a similar sized location in a newer commercial center. . Acquiring spaces for public improvements and related public-private ventures, assisting in site preparation and of the creation of the ultimate improvements and then marketing the spaces aggressively is fundamental to revitalization.

- Property Acquisition/ Remediation \$ 6 Million
 - Parking Improvements \$ 5 Million
 - Off-Site Improvements \$ 3 Million
- Total Estimated Cost \$ 14 Million

DOWNTOWN WAY FINDING SIGN PROGRAM: The reason Downtown needs revitalization is because it has, over time, lost its position as a location that draws in people and investment. The railroad crossroads and the city’s first arterial were once the area’s primary transportation arteries, making Downtown the most desirable place (initially the only place) to live or to locate a business in Tracy. As the City grew (and automobiles replaced trains as the primary mode of transportation), newer and bigger arterials were located increasingly far away from the original core settlement to serve new housing development, drawing retail investment to the newer, busier intersections that were also closer to the new residential development. Eventually the major regional highways and highway interchanges were constructed even farther away from Downtown, drawing much of the investment and real estate value far away from the historic core. Disinvestment ensued. A Downtown Way Finding Signage Program will help direct potential customers to Downtown.

Estimated Cost: \$250,000