MINUTES
CITY OF NORCO
SPECIAL MEETING
CITY COUNCIL/COMMUNITY REDEVELOPMENT AGENCY
CONFERENCE ROOMS "A" & "B"
NORCO CITY HALL – 2870 CLARK AVENUE
JANUARY 10, 2011

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1. CALL TO ORDER: Mayor/Chairman Hanna called the meeting to order at 1:00 p.m.

2. ROLL CALL:
Mayor Berwin Hanna, **Present**
Mayor Pro Tem Kevin Bash, **Present**
Council Member Kathy Azevedo, **Present**
Council Member Greg Newton, **Present**
Council Member Harvey C. Sullivan, **Present**

3. PLEDGE OF ALLEGIANCE: Council Member Newton

4. PUBLIC COMMENTS OR QUESTIONS -- THIS IS THE TIME WHEN PERSONS IN THE AUDIENCE WISHING TO ADDRESS THE CITY COUNCIL REGARDING MATTERS ON THE AGENDA MAY SPEAK. No public comments received.

5. CRA PUBLIC HEARING:

A. Approval of an Owner Participation Agreement, by and between the Norco Redevelopment Agency and Yam Kwan Wong as part of the Norco Restaurant Tenant Improvement Program

Yam Kwan Wong ("Participant"), the owner of the neighborhood shopping center located at 2395 Hamner Avenue, has submitted a request to participate in the Restaurant Tenant Improvement (TI) Program, initiated by one of his tenants, Savvas Politis. Mr. Politis is the owner of a new full-service restaurant, Café Rustic, which has recently executed a lease for that space. The proposed Owner Participation Agreement ("OPA") will fund the project for an amount not-to-exceed $19,965, which will be used for essential interior improvements to the existing commercial space. The Restaurant TI Program ("Program") helps the Agency meet strategic objectives and enhances the community's economic vitality.

Recommended Action: Adopt CRA Resolution No. 2011-___, approving an Owner Participation Agreement by and between the Norco Redevelopment Agency and Yam Kwon Wong for a space located at 2395 Hamner Avenue. (Economic Development Specialist)

Economic Development Consultant Grody presented the CRA public hearing item noting that this is the first funding agreement under the Norco Restaurant Tenant Improvement Program that has been brought forward to the Agency Board. Consultant Grody stated that the owner is very enthusiastic and has ties to the community. He further stated that the Planning Division has signed off on the approval for the improvements.

Chairman Hanna inquired about the outdoor dining and seating area. Present at the meeting was the owner, Mr. Politis, who stated that there will be a railing placed around the ten-foot concrete slab already present that faces Hamner Avenue, which will serve as the outdoor dining area. Mr. Politis noted that the outdoor dining area will not interfere with the pedestrians visiting the mall area and further noted that alcohol will not be served.

Chairman Hanna OPENED the public hearing, indicating that proper notification had been made and asked for the appearance of those wishing to speak.

Vern Showalter. Mr. Showalter asked if beer and wine would be sold in the restaurant. Mr. Politis stated that no alcohol would be served at present but may be added down the road.

The Agency Board Members congratulated Mr. Politis on the opening of the restaurant and welcomed him to Norco. They also thanked Consultant Grody for his work on this project and for focusing attention on the businesses in Norco.

Chairman Hanna CLOSED the public hearing.

M/S Bash/Azevedo to adopt CRA Resolution No. 2011-01, approving an Owner Participation Agreement by and between the Norco Redevelopment Agency and Yam Kwon Wong for a space located at 2395 Hamner Avenue. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, NEWTON, SULLIVAN
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE

6. PRESENTATION:

A. Norco Redevelopment Agency Financial Structure Overview. (Deputy City Manager/Director of Finance)

Deputy City Manager/Director of Finance Okoro introduced Doug Anderson from Urban Futures who provided an overview of the Norco Redevelopment Agency. **(The PowerPoint presentation is attached hereto and incorporated herein.)** Mr. Anderson noted that this is a prelude to the Agency Board's review of the Five Year Implementation Plan, which is scheduled for review at a public hearing on February 16, 2011.

The following topics were presented in the presentation:

- History of the formation of the Norco Redevelopment Agency and Amendments thereto.
- Definition of Tax Increment and how it can be used.
- State law requires redevelopment agencies to have debt – without debt, agencies are not entitled to collect tax increment.
- Agency indebtedness and why the Agency incurs debt.

- Pass Through payments.
- Cumulative benefits of Tax Increment to the Norco Redevelopment Agency and the City.
- Examples of past Projects and Programs.

Comments were provided by Mr. Anderson regarding the budget proposals made by the Governor earlier today and noted that the decisions made by the State will continue to be monitored.

Executive Director Groves stated that redevelopment agencies are becoming a key point in the State budget process and added that the Norco Redevelopment Agency fund is fragile. She noted that a lot of decisions will need to be made, as the fund balance will be very vulnerable by 2014.

Agency Board Member Azevedo commented on the debt from the issuance of the bonds for the Corona-Norco Unified School District (Measure U).

In response to **Agency Board Member Newton,** Deputy City Manager/Director of Finance Okoro stated that he would provide the information regarding the debt service to the Agency Board Members.

The Agency Board Members noted concerns regarding the State budget proposals and commented on that threat to Norco's lifestyle.

Agency Board Member Sullivan stated that he has been an advocate for closing down the redevelopment agency, noting some of the mistakes made in the past by not using the RDA money for the auto mall and to bring in big box retail.

Agency Board Member Bash noted that we are entering into an era when we need to be really smart to survive as a small city.

7. ADJOURNMENT: There being no further business to come before the City Council/CRA, Mayor/Chairman Hanna adjourned the meeting at 1:50 p.m.

BRENDA K. JACOBS
CITY CLERK

/bj-77510

Redevelopment Review

of the

Norco Redevelopment Project

presented

January 10, 2011

Norco Redevelopment Project Area No. One

LEGEND

- Norco City Boundary
- Freeways

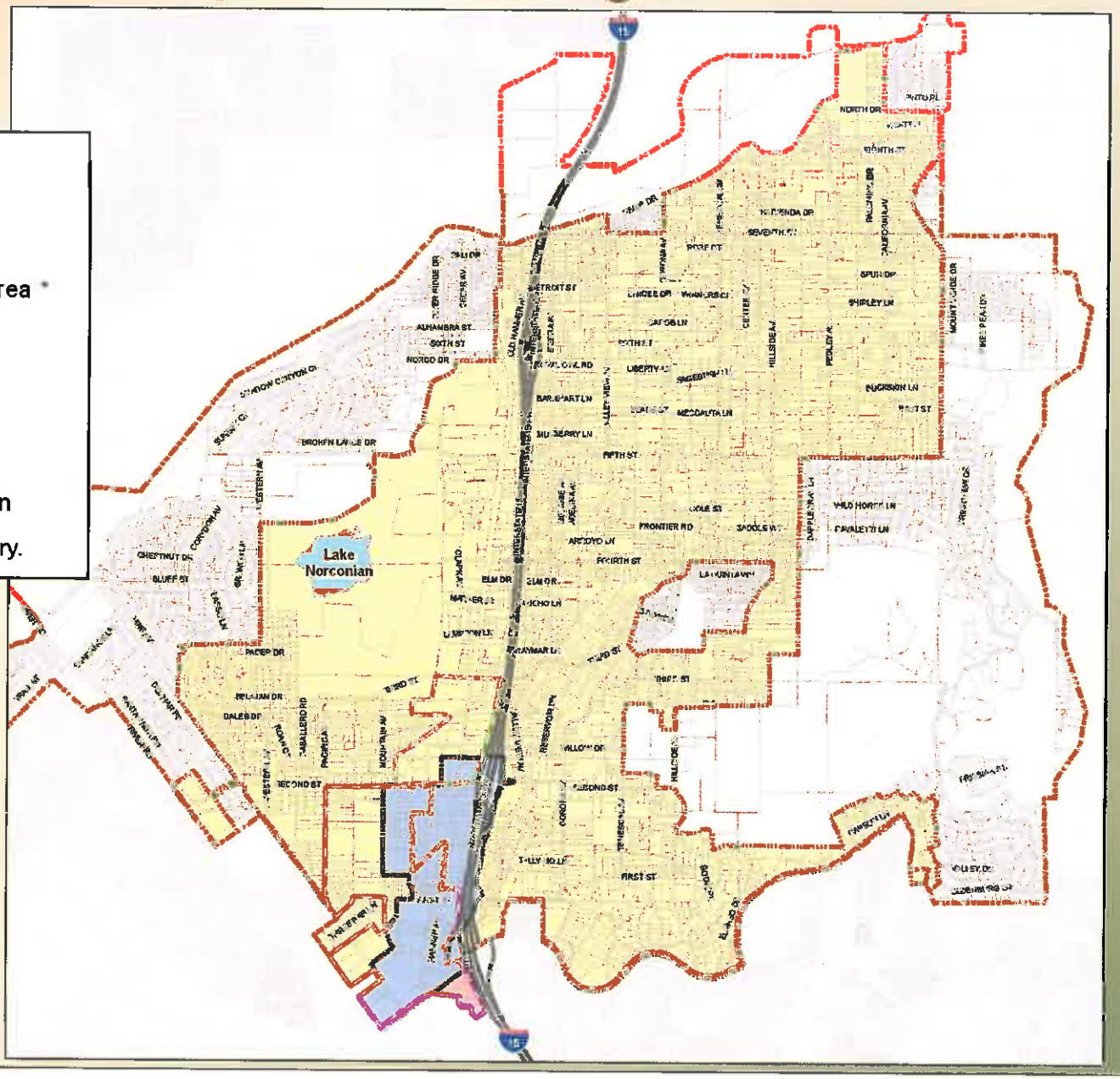
Norco Redevelopment Project Area *

- Original Project Area
- Amendment No. One
- Amendment No. Three

Specific Plans

- Gateway Specific Plan
- Norco Auto Mall Specific Plan

* Amendment No. Two deleted territory.



Norco Redevelopment Plan History

- July 15, 1981 – Original Redevelopment Plan for the Norco Redevelopment Project Area No. One adopted (about 209 Acres)
- November 16, 1983 – Amendment No. One to the Original Plan to add territory (about 5,400 Acres)
- May 1, 1985 – Amendment No. 2 to the Original Plan to detach territory (about 712 Acres)

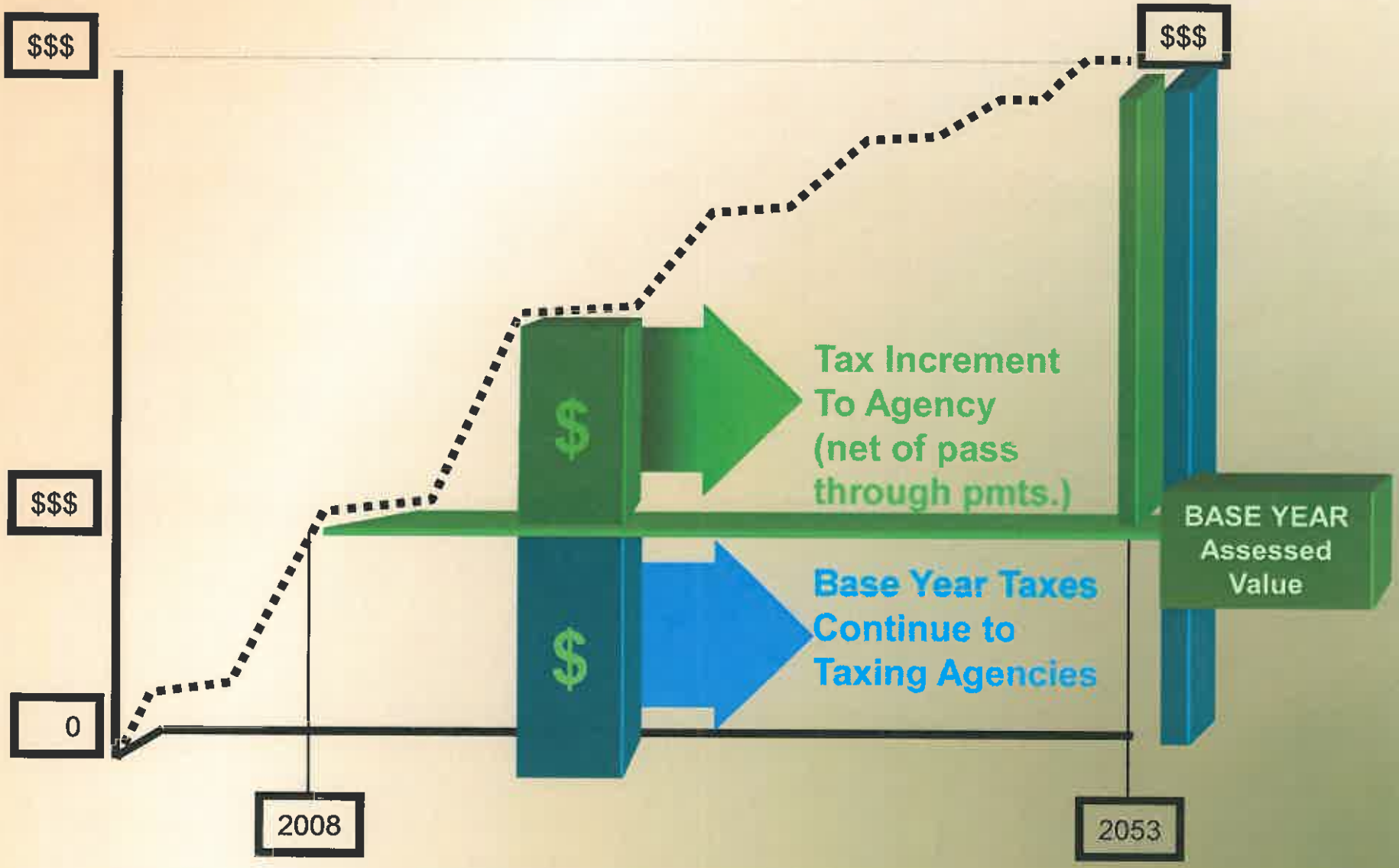
History Cont…

- December 1, 1993 – Amendment No. 3 to the Original Plan to Add Territory (about 13.15 Acres)
- February 1, 2006 – Plan Amendment to increase time limits
- July 2, 2008 – Plan Amendment to increase tax increment cap and bond debt cap amounts

What Is Tax Increment?

- Tax Increment is the increase in property taxes within a Redevelopment Project Area occurring as a result of increases in that area's assessed value…
- Tax Increment is the single most important Agency funding source created by:
  - Land sales
  - Construction/Development
  - Inflationary increase to real property assessed values

Tax Increment Model



NO NEW
PROPERTY
TAXES?

It's Important to Remember That...

- State law requires redevelopment agencies to have debt – without debt, agencies are not entitled to collect tax increment
- Bond debt permits an agency to proactively pursue Projects and Programs early on
- Agency debt is paid back using tax increment

What Is Bonded Indebtedness and Why Should the Agency Incur Debt?

- Bonded Indebtedness is long term debt generated through the sale of tax allocation bonds and notes ("Bonds") by the Agency
- Bonds are a type of "debt instrument"
- Bonds are typically repaid in equal installments over 30 years (notes are an exception)
- Agency bonds are NOT a debt of the City

What are Pass Through Payments?

- Payments to affected taxing entities (County, Schools, etc.) intended to mitigate financial effects of retention of tax increment by RDA
- Negotiated Agreements (pre- 1994)
- Statutory Payments (1994 to present)
- AB 1389 Report audit process; results and outstanding issues

Cumulative Benefits of Tax Increment to the Norco RDA and City

- $128 million of tax increment collected since inception of the Project Area
- City general fund share would have been approximately $20 million without RDA
- Net gain of $62 million to RDA/City (after pass through payments of $46 million)
  a. $36 million (non-housing)
  b. $26 million (low/mod housing fund)

Example Past Projects and Programs…

- Economic development

Example Past Projects and Programs…

- Infrastructure upgrades

Example Past Projects and Programs…

- Affordable housing ***(Before)***

Example Past Projects and Programs…

- Affordable housing ***(After)***

Example Past Projects and Programs…

- Community facilities improvements

Upcoming Events.....

Joint Public Hearing to Be Held at the Norco City Hall Council Chambers, regarding the Five Year Implementation Plan

February 16, 2011 at 7:00 pm
(or as soon thereafter as possible)

Questions