

**AGENDA
CITY OF UNION CITY
SPECIAL
CITY COUNCIL/REDEVELOPMENT AGENCY MEETING**

**FRIDAY, JANUARY 14, 2011
5:00 P.M.**

**COUNCIL CHAMBERS
34009 ALVARADO NILES ROAD**

I. CALL TO ORDER

I.a Pledge of Allegiance

I.b Roll Call

*Mayor Mark Green
Vice Mayor Navarro
Councilmember Emily Duncan
Councilmember Lorrin Ellis
Councilmember Pat Gacoscos*

II. UNFINISHED BUSINESS - None

III. PROCLAMATIONS AND PRESENTATIONS - None

IV. ORAL COMMUNICATIONS

Comments from the audience on non-agenda items will be accepted for a period of 30 minutes. Speakers are limited to three minutes each. Persons wishing to speak must complete a speaker card available at the rear of the Council Chamber or from the City Clerk. If the number of speakers exceeds the time allotment, cards will be shuffled and 10 speakers chosen at random. The remaining speakers may speak under Section XI of the agenda.

V. CONSENT CALENDAR - None

VI. PUBLIC HEARINGS – None

VII. CITY MANAGER REPORTS - None

VIII. REDEVELOPMENT AGENCY

8.a Adopt an **Agency Resolution** Authorizing a Cooperative Agreement Between the City of Union City and the Community Redevelopment Agency of the City of Union City, Whereby the Agency Pledges Funds in Support of Specified Projects; Adopt a **City Resolution** Authorizing a Cooperative Agreement Between the City of Union City and the Community Redevelopment Agency of the City of Union City, Whereby the Agency Pledges Funds in Support of Specified Projects

- IX. AUTHORITIES AND AGENCIES - None**
- X. CITY COMMISSION/COMMITTEE REPORTS - None**
- XI. SECOND ORAL COMMUNICATIONS - None**
- XII. SCHEDULED ORAL COMMUNICATION - None**
- XIII. ITEMS REFERRED BY COUNCIL - None**
- XIV. GOOD OF THE ORDER - None**
- XV. CLOSED SESSION - None**
- XVI. ADJOURNMENT**

The agenda is available for review at City Hall or on our website www.unioncity.org

Any writings or documents provided to a majority of City Council members regarding any item on this agenda will be made available for public inspection at the City Clerk's Counter at City Hall, located at 34009 Alvarado-Niles Road, Union City, California, during normal business hours.

Assistance will be provided to those requiring accommodations for disabilities in compliance with the Americans with Disabilities Act of 1990. Interested person must request the accommodation at least two working days in advance of the meeting by contacting the City Clerk at (510) 675-5348.



Agenda Item

DATE: January 14, 2011

TO: City Council/Agency Board

FROM: Joan Malloy, Assistant Executive Director

SUBJECT: Adopt Agency and City Resolutions Authorizing a Cooperative Agreement Whereby the Agency Pledges Funds to Support Specified Projects

BACKGROUND

The California Legislative Analyst's Office recommended that the California Legislature adopt urgency legislation prohibiting redevelopment agencies from entering into new contractual agreements.

The action before the City Council and the Agency Board is to adopt a Cooperative Agreement whereby the Agency pledges funds to support specified projects so that critical, ongoing redevelopment projects are not disrupted by future state actions.

DISCUSSION

The California Governor proposed a budget to disband redevelopment agencies as of July 1, 2011, and use tax increment to fund state obligations. Legislative efforts are underway to immediately prohibit redevelopment agencies from entering into new contracts and obligations. This staff report outlines Agency projects that have contract obligations and project commitments that are under design, but do not have construction contracts. The report also discusses the Housing Fund, the existing Pacific States Steel Corporation Agreement, existing activities that cannot be covered by the Cooperative Agreement, and future Agency projects that are currently not funded.

The purpose of the proposed Cooperative Agreement is to contractually bind the Agency to fund and support specified projects outlined in the staff report in order to protect these funds from being taken by the state. The specified projects and staffing to support the projects would come from existing bond funds. If the California Legislature and the Governor disband redevelopment agencies, tax increment would not be available to fund staffing.

Projects Supported by Bond Funds

The Redevelopment Agency received a \$7.6 million 2008 Transit Oriented Development (TOD) Grant and a \$15 million Infill Infrastructure Grant from the California Department of Housing and Community Development to fund infrastructure that would serve (and result in the construction of) transit-oriented, market-rate and affordable housing adjacent to the Union City BART/Intermodal Station. The grants were funded under voter approved Proposition 1C to facilitate the construction of pedestrian-oriented housing around transit hubs. This strategy to link land use and transit is also a central policy of SB 375, the state's greenhouse gas reduction measure adopted in 2008.

Under the terms of both grants, the Agency and City are obligated to construct 155 affordable units and 189 market-rate units by July 2017. In addition, the City is obligated to construct Cheeves Way, Berger Way, Galliano Way, the Line M Greenway, the East Plaza, and the pedestrian promenade and promenade plaza. The infrastructure projects are to be completed by December 2012. Lastly, the Agency is obligated to construct BART Phase 2, which will provide a pedestrian entrance to the east side of the BART Station with a free pedestrian pass-through.

The Agency and the City pledged to complete the projects in the application for the grants and in a letter signed by the City Manager accepting the grants. The formal contract between the City, Agency and the Department of Housing and Community Development formalizing the terms of the grants and for the disbursement of funds has not been executed. A draft contract is in place but is not likely to be executed until February or March 2011.

The construction of the Cheeves Way, Berger Way, Galliano Way and the Line M Channel is near completion. This street construction was undertaken by the City in good faith to meet the infrastructure needs of Mid Pen, which is also now under construction and is funded, in part, by state tax credits.

Construction drawings for the East Plaza and Union Station Loop are near completion. A construction contract will be advertised in February 2011 and a construction contract awarded in March 2011. This project is funded by Transportation for Livable Communities (TLC) grant from the Metropolitan Transportation Commission, a Federal Transit Administration (FTA) grant and Agency bond funds.

The Agency will be asked on January 25, 2011 to amend the ROMA Design Group contract for the East Plaza to prepare construction drawings and construction support for the pedestrian promenade. It is the intent of staff to include the pedestrian promenade construction documents in the East Plaza construction documents so these projects can be bid and constructed together.

Sixty-five percent construction drawings have been completed for BART Phase 2. BART and the Agency have a draft Cooperative Agreement for the Agency to fund and

BART to construct BART Phase 2. The BART Cooperative Agreement is likely to be executed in March 2011. BART Phase 2 is funded by the \$15 million HCD Infill Infrastructure Grant and the Agency bond funds.

In summary, the projects and affordable housing required under the Infill Infrastructure and TOD Grants will be funded through the state HCD grants, a TLC grant, a federal grant, and from existing Agency Tax Allocation Bond funds.

Housing Fund

The Agency Project Fund loaned the Housing Fund \$9 million to construct the Mid Pen Station District affordable housing. Housing tax increment is anticipated to repay the Project Fund over time. The Housing Fund loan repayment is to be used for BART Phase 2 project construction in the Station District. The proposed Cooperative Agreement contains a provision for Housing Fund tax increment to repay the Project Fund.

The Agency manages 150 owner-occupied deed restricted affordable housing units. Housing tax increment funds support 0.25 FTE staff position to manage the sale and refinancing of the affordable housing and to file the required annual housing reports with regulatory agencies. In addition the Housing Fund appropriates \$250,000 a year from tax increment the Agency may lose to support small grants for housing rehabilitation. The Cooperative Agreement pledges the Agency to fund this position and the rehabilitation grants.

The Agency has an obligation to ensure 15 percent of all housing built in the Project Area be affordable. There will be ongoing affordable housing obligations as infill projects are constructed in the Project Areas.

The Agency identified the block of Mission Boulevard, bounded by D Street, E Street, and 2nd Street as an infill opportunity. Fifteen percent of the residential units constructed on the site must be affordable. The area is likely to be redeveloped within five years.

Central Park West Mobile Home Park consists of approximately 340 residential units. Many of the homes are substandard and need to be replaced. The area has inadequate lighting and aging infrastructure. Improvements to Central Park West are an ongoing need.

Pacific States Steel Corporation Owner Participation Agreement

The Redevelopment Agency is a party to an Owner Participation Agreement (OPA) with Pacific States Steel Corporation (PSSC) governing the cleanup and development of the former Pacific States Steel Corporation site. Under the terms of the OPA the Agency is entitled to receive a \$4.3 million profit participation payment from PSSC upon the sale of the Waste Consolidation Area. The Agency also has a right to exercise an option to

purchase the Waste Consolidation Area. The Cooperative Agreement will contain a provision authorizing an Assignment and Assumption Agreement, whereby the Agency would assign its rights under the OPA to the City. If California is successful in disbanding redevelopment agencies, the City would retain all rights under the OPA.

Agency Activities That Cannot Be Funded with Existing Bond Funds

There are current City positions and non-profit agencies that are funded from tax increment. If the state is successful in eliminating redevelopment agencies, there will be no tax increment to fund these services. These services and positions cannot be shifted to bond funds. The non-profit agencies that receive Agency funds are Centro de Servicios, providing social services; and ARC, an organization employing disabled adults that provide maintenance services for the City. Tax increment funded positions that would need to be reallocated to a different funding source include:

- The 1.82 FTE Youth and Family Services positions would need to be funded by Measure AA or the General Fund;
- The 1.54 FTE police positions would need to be funded by the General Fund.
- The 1 FTE Economic Development Coordinator would need to be funded by the General Fund. Tax increment also provides a budget for contractual employees/consultants that support a part-time administrative assistant for Economic Development. If it is the desire of the Council to continue current staffing levels, a new, part-time position would need to be created and funded through the General Fund.

Future Agency Projects

There are a number of Agency Projects that could be constructed if the Agency is allowed to issue future Tax Allocation Bonds. The projects include:

- Construction of a pedestrian bridge across the Niles Subdivision railroad tracks linking the Station District with the job centers constructed on the Research and Development zoned land and the Shelton property.
- Construction of a public building on the East Plaza that could be either a fine arts pavilion or a library.
- The East-West Connector may have a construction financing gap.
- Construction of passenger rail improvements and the passenger rail station components of the Intermodal Station.
- Improvements to the 16-acre Waste Consolidation Area.

- Infrastructure, drainage, soil stabilization, streets, and flood control improvements in the Horner-Veasy Area.
- Housing improvements throughout the Project Area.

It is unclear if the Agency will have an opportunity to bond in the near future to fund these potential projects. Much will depend upon actions taken by the state legislature in the coming weeks.

Section 33445 Findings

Community Redevelopment Law, California Health and Safety Code Section 33445 allows an Agency, with the consent of the City, to pay all or a portion of the cost of land, the cost of construction of any building, facility, structure, or improvements that are publically owned and located within the Project Area if the City Council makes specified findings:

1. The project improvements benefit the Project Area.

All of the projects are within the Project Area. The Station District projects will create a new transit downtown center, with a variety of housing types, retail, and job centers. The East West Connector will improve access to the Station District. Improvements to the Waste Consolidation Area and the Horner Veasy Area will convert land that has current limited uses into productive job centers. Improvements to Mission Blvd. and Central Park West will create affordable housing.

2. The projects benefit the project area by eliminating blight or assists with the provision of affordable housing.

The Station District projects eliminate the blight on the former PG&E pipe yard. The Waste Consolidation Area improvements and Horner Veasy improvements will improve blighted and environmental contaminated lands. The East West Connector improves access to the formerly blighted PSSC site and the PG&E pipe yard. The Station District projects facilitate the development of 155 affordable housing units constructed by Mid Pen. The Mission Blvd. and Central Park West improvements will improve and expand the affordable housing stock.

3. No other reasonable means of funding is available for the projects.

Although the City and the Agency have leveraged significant funds to construct the projects, the grants have local match requirements. The City does not have the funding to provide the local match but the Agency can fund the local match with Tax Allocation Bonds and tax increment.

4. *The projects are consistent with the implementation plan pursuant to CRL Section 33490.*

All of the projects are identified in the Five Year Implementation Plan adopted by the Agency Board.

5. *The projects are provided for in the Redevelopment Plan.*

All of the projects are provided for in the Redevelopment Plan and consistent with the Goals and Objectives. Station District improvements, Mission Blvd., and Central Park improvements are specifically identified as priorities in the Redevelopment Plan.

FISCAL IMPACT

Adoption of the Cooperative Agreement should protect \$28 million in grant funds and \$25 million in Agency cash. It may protect future tax increment and the ability to bond.

If the state is successful in shutting down redevelopment agencies, but the Agency is able to protect funding for projects through the Cooperative Agreement, there will still be several positions (approximately 3.0-4.81 FTE) that will need to be moved to the General Fund or other funding sources. Currently, there is no budget in the General Fund or other funding sources to support these positions. Additionally, support for existing non-profits would also need to be shifted to the General Fund or eliminated.

If there is no change in redevelopment law this year, there will be no need to reallocate funding for staff positions or the non-profit agencies at this time.

RECOMMENDATION

Staff recommends that the Agency Board and the City Council adopt resolutions authorizing a Cooperative Agreement between the City and the Agency, whereby the Agency pledges to fund specified projects outlined in this report and the proposed Cooperative Agreement.

Prepared by:

Mark Evanoff
Redevelopment Agency Manager

Submitted by:

Joan Malloy
Assistant Executive Director

Approved by:

Larry Cheeves
Executive Director

Exhibits:

Project Map

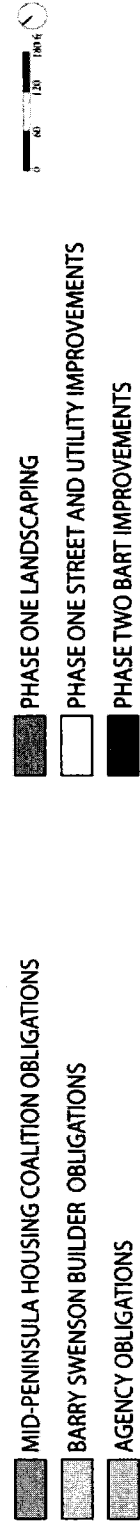
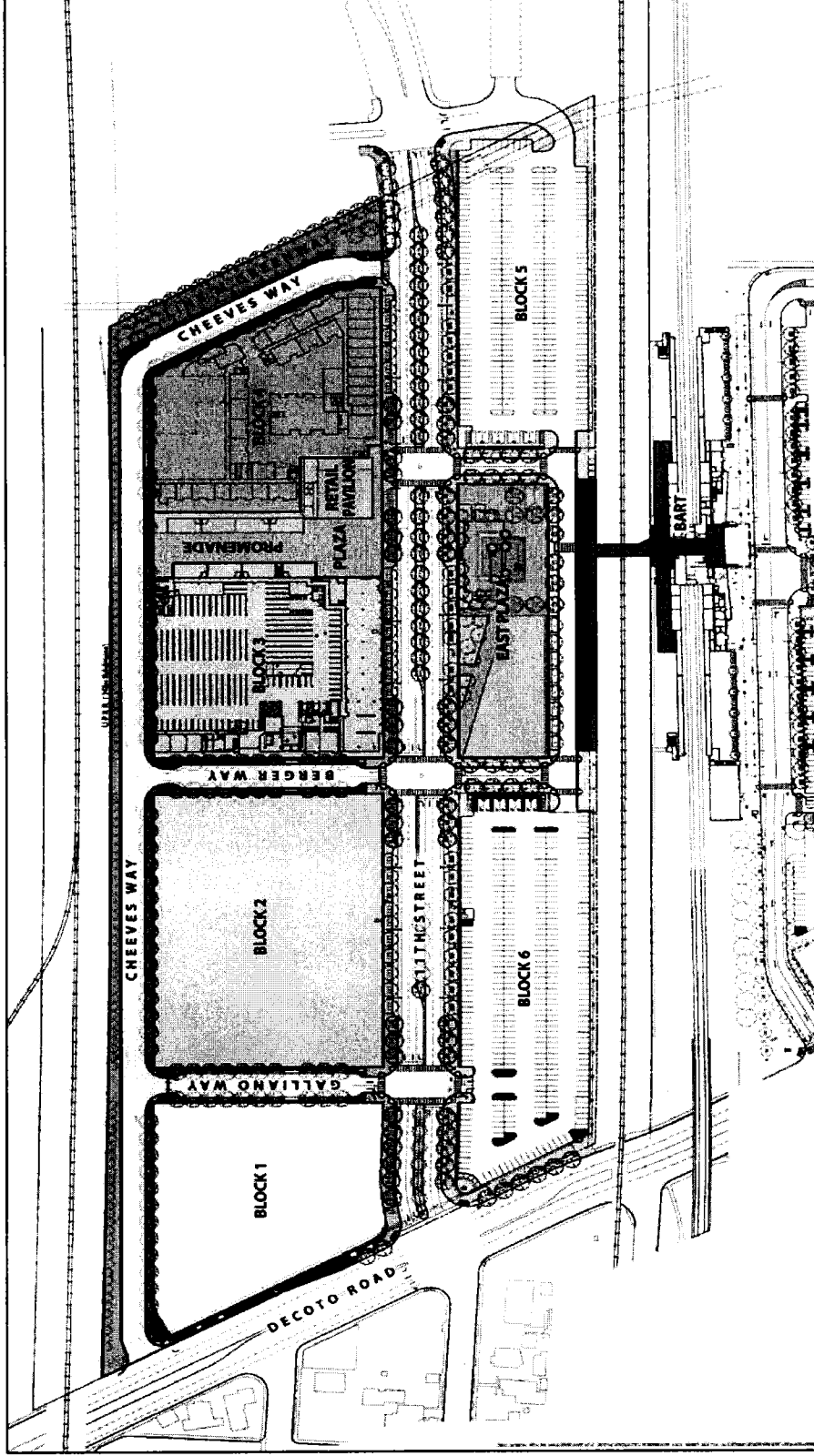
City Resolution

Agency Resolution

Cooperative Agreement

Project List

PSSC Assignment and Assumption Agreement



PROJECT MAP

RESOLUTION NO 4089-11

CITY COUNCIL, CITY OF UNION CITY
STATE OF CALIFORNIA

**A RESOLUTION AUTHORIZING THE EXPENDITURE OF
TAX INCREMENT FUNDS FOR SPECIFIED PUBLIC
IMPROVEMENTS AND REDEVELOPMENT ACTIVITIES,
ADOPTING FINDINGS REQUIRED BY HEALTH AND
SAFETY CODE SECTION 33445, AND AUTHORIZING THE
EXECUTION OF A COOPERATIVE AGREEMENT WITH
THE COMMUNITY REDEVELOPMENT AGENCY OF THE
CITY OF UNION CITY**

WHEREAS, the Community Redevelopment Agency of the City of Union City (“**Agency**”) is a redevelopment agency formed, existing and exercising its powers pursuant to California Community Redevelopment Law, Health and Safety Code Section 33000 *et seq.* (“**CRL**”);

WHEREAS, the City Council (“**City Council**”) of the City of Union City (“**City**”) has adopted and amended, from time to time, the Redevelopment Plan (the “**Redevelopment Plan**”) for the Union City Redevelopment Project (the “**Project Area**”); and

WHEREAS, in keeping with the goals of the Agency to eliminate blight in the Project Area 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, the City and Agency have determined that it would be mutually beneficial to enter into a Cooperative Agreement (the “**Agreement**”) a copy of which is on file with the City Clerk and Agency Secretary, pursuant to which the Agency would agree to pay for certain public improvements and other activities to be undertaken by the City in the furtherance of the redevelopment of the Project Area;

WHEREAS, pursuant to Section 33445 of the CRL, the Agency may, with the consent of the City, pay for all or a portion of the cost of the land for, and the cost of construction of, any building, facility, structure, or other improvements that are publicly owned and located within or contiguous to the Project Area if the City Council finds based upon substantial evidence that:

(1) The acquisition of the land or the installation or construction of the buildings, facilities, structures, or other improvements that are publicly owned are of primary benefit to the Project Area;

(2) The acquisition of the land or the installation or construction of the buildings, facilities, structures, or other improvements that are publicly owned benefits the Project Area by

helping to eliminate blight within the Project Area, or will directly assist in the provision of housing for low- or moderate-income persons;

(3) No other reasonable means of financing the acquisition of the land or the installation or construction of the buildings, facilities, structures, or other improvements that are publicly owned, are available to the community;

(4) The payment of funds for the acquisition of land or the cost of buildings, facilities, structures, or other improvements that are publicly owned is consistent with the implementation plan adopted pursuant to CRL Section 33490; and

(5) The acquisition of land and the installation of each building, facility, structure, or improvement that is publicly owned is provided for in the Redevelopment Plan.

WHEREAS, the Agreement requires the completion of environmental review pursuant to CEQA prior to the commencement of any public improvement listed in the Agreement; and

WHEREAS, pursuant to State CEQA Guidelines Section 15378(b)(4), approval of the Agreement itself is not a project subject to the California Environmental Quality Act (“CEQA”), because the Agreement is related to a government funding mechanism or other government fiscal activities which do not involve a commitment to any specific project which may result in a potentially significant physical impact on the environment;

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

WHEREAS, the expenditure of tax increment funds for the projects identified in the Agreement will be of benefit to the Project Area by facilitating the elimination of blight and the development of affordable housing;

WHEREAS, the improvements to be funded pursuant to the Agreement are provided for in the Redevelopment Plan, and the expenditure of tax increment funds for such improvements is consistent with the Implementation Plan adopted by the Agency pursuant to Health and Safety Code Section 33490, in that they will further the goals and objectives of the Redevelopment Plan, improve the appearance of the Project Area, eliminate blight, improve access to Project Area businesses, support economic development, and support the development of affordable housing; and

WHEREAS, the activities and improvements proposed to be funded pursuant to the Agreement will not generate cash flow to the City or Agency, and therefore cannot support debt service; the City has no unrestricted general fund revenue available for such purposes without a reduction in vital community services; and the City does not have and cannot reasonably obtain revenue available for such purposes, and therefore no other reasonable means of financing the Project exists.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Union City that it hereby:

1. Finds based upon the foregoing recitals and the evidence set forth in the Staff Report, accompanying this Resolution that: (i) the expenditure of tax increment funds for the projects and programs identified in the Agreement will be of primary benefit to the Project Area by helping to eliminate blighting conditions and facilitating the development of low and moderate-income housing, (ii) no other reasonable means of financing such projects and programs is reasonably available, and (iii) completion of such projects is provided for and consistent with the Redevelopment Plan and the Implementation Plan adopted in connection therewith.
2. Approves the Agency's expenditure of tax increment funds in the amounts and for the purposes specified in the Agreement.
3. Approves the actions to be undertaken and the services to be provided by the City as specified in the Agreement, including without limitation, the execution of an Assignment and Assumption Agreement as described in the Agreement (the "**Assignment Agreement**").
4. Authorizes the City Manager to execute the Agreement and the Assignment Agreement on behalf of the City each substantially in the form on file with the City Clerk and to undertake such actions and to execute such additional instruments as may be necessary or desirable in order to carry out the intent of this Resolution.

* * * * *

I hereby certify that the foregoing Resolution was regularly introduced and adopted by the City Council of the City of Union City at a meeting held on the _____ day of _____, 2011 by the following vote:

AYES: _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

ATTEST: _____
Renee Elliott, City Clerk

RESOLUTION NO 428-11

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF UNION CITY

**A RESOLUTION AUTHORIZING THE EXPENDITURE OF
TAX INCREMENT FUNDS FOR SPECIFIED PUBLIC
IMPROVEMENTS AND REDEVELOPMENT ACTIVITIES,
ADOPTING FINDINGS REQUIRED BY HEALTH AND
SAFETY CODE SECTION 33445, AND AUTHORIZING THE
EXECUTION OF A COOPERATIVE AGREEMENT WITH
THE CITY OF UNION CITY**

WHEREAS, the Community Redevelopment Agency of the City of Union City (“**Agency**”) is a redevelopment agency formed, existing and exercising its powers pursuant to California Community Redevelopment Law, Health and Safety Code Section 33000 *et seq.* (“**CRL**”);

WHEREAS, the City Council (“**City Council**”) of the City of Union City (“**City**”) has adopted and amended, from time to time, the Redevelopment Plan (the “**Redevelopment Plan**”) for the Union City Redevelopment Project (the “**Project Area**”); and

WHEREAS, in keeping with the goals of the Agency to eliminate blight in the Project Area 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, the City and Agency have determined that it would be mutually beneficial to enter into a Cooperative Agreement (the “**Agreement**”) a copy of which is on file with the City Clerk and Agency Secretary, pursuant to which the Agency would agree to pay for certain public improvements and other activities to be undertaken by the City in the furtherance of the redevelopment of the Project Area;

WHEREAS, pursuant to Section 33445 of the CRL, the Agency may, with the consent of the City, pay for all or a portion of the cost of the land for, and the cost of construction of, any building, facility, structure, or other improvements that are publicly owned and located within or contiguous to the Project Area if the City Council finds based upon substantial evidence that:

(1) The acquisition of the land or the installation or construction of the buildings, facilities, structures, or other improvements that are publicly owned are of primary benefit to the Project Area;

(2) The acquisition of the land or the installation or construction of the buildings, facilities, structures, or other improvements that are publicly owned benefits the Project Area by helping to eliminate blight within the Project Area, or will directly assist in the provision of housing for low- or moderate-income persons;

(3) No other reasonable means of financing the acquisition of the land or the installation or construction of the buildings, facilities, structures, or other improvements that are publicly owned, are available to the community;

(4) The payment of funds for the acquisition of land or the cost of buildings, facilities, structures, or other improvements that are publicly owned is consistent with the implementation plan adopted pursuant to CRL Section 33490; and

(5) The acquisition of land and the installation of each building, facility, structure, or improvement that is publicly owned is provided for in the Redevelopment Plan.

WHEREAS, the Agreement requires the completion of environmental review pursuant to CEQA prior to the commencement of any public improvement listed in the Agreement; and

WHEREAS, pursuant to State CEQA Guidelines Section 15378(b)(4), approval of the Agreement itself is not a project subject to the California Environmental Quality Act (“CEQA”), because the Agreement is related to a government funding mechanism or other government fiscal activities which do not involve a commitment to any specific project which may result in a potentially significant physical impact on the environment;

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

WHEREAS, the expenditure of tax increment funds for the projects identified in the Agreement will be of benefit to the Project Area by facilitating the elimination of blight and the development of affordable housing;

WHEREAS, the improvements to be funded pursuant to the Agreement are provided for in the Redevelopment Plan, and the expenditure of tax increment funds for such improvements is consistent with the Implementation Plan adopted by the Agency pursuant to Health and Safety Code Section 33490, in that they will further the goals and objectives of the Redevelopment Plan, improve the appearance of the Project Area, eliminate blight, improve access to Project Area businesses, support economic development, and support the development of affordable housing; and

WHEREAS, the activities and improvements proposed to be funded pursuant to the Agreement will not generate cash flow to the City or Agency, and therefore cannot support debt service; the City has no unrestricted general fund revenue available for such purposes without a reduction in vital community services; and the City does not have and cannot reasonably obtain revenue available for such purposes, and therefore no other reasonable means of financing the Project exists.

NOW, THEREFORE, BE IT RESOLVED by the Community Redevelopment Agency of the City of Union City that it hereby:

1. Finds based upon the foregoing recitals and the evidence set forth in the Staff Report, accompanying this Resolution that: (i) the expenditure of tax increment funds for the projects and programs identified in the Agreement will be of primary benefit to the Project Area by helping to eliminate blighting conditions and facilitating the development of low and moderate-income housing, (ii) no other reasonable means of financing such projects and programs is reasonably available, and (iii) completion of such projects is provided for and consistent with the Redevelopment Plan and the Implementation Plan adopted in connection therewith.

2. Approves the Agency’s expenditure of tax increment funds in the amounts and for the purposes specified in the Agreement.

3. Approves the actions to be undertaken and the services to be provided by the City as specified in the Agreement, including without limitation, the execution of an Assignment and Assumption Agreement as described in the Agreement (the “**Assignment Agreement**”).

4. Authorizes the Agency Executive Director to execute the Agreement and the Assignment Agreement on behalf of the Agency, each substantially in the form on file with the Agency Secretary and to undertake such actions and to execute such additional instruments as may be necessary or desirable in order to carry out the intent of this Resolution, including without limitation, the listing of the Agency’s obligations set forth in the Agreement on the statement of indebtedness to be filed with the County Auditor.

* * * * *

I hereby certify that the foregoing Resolution was regularly introduced and adopted by the Community Redevelopment Agency of the City of Union City at a meeting held on the _____ day of _____, 2011 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

Renee Elliott, City Clerk

**COOPERATIVE AGREEMENT BETWEEN THE
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF UNION CITY AND
THE CITY OF UNION CITY**

This Cooperative Agreement (this “**Agreement**”) is entered into effective as of January 14, 2011 (“**Effective Date**”) by and between the Community Redevelopment Agency of the City of Union City, a public body corporate and politic (“**Agency**”) and the City of Union City, a municipal corporation (“**City**”). The Agency and the City are hereinafter collectively referred to as the “**Parties.**”

RECITALS

A. Pursuant to authority granted under Community Redevelopment Law (California Health and Safety Code Section 33000 *et seq.*) (“**CRL**”), the Agency has responsibility to implement the redevelopment plan for the Union City Community Redevelopment Project (the “**Project Area**”) established by the Redevelopment Plan adopted for the Project Area pursuant to Ordinance No. 302-88, adopted on June 20, 1988 (as subsequently amended and restated, and further amended, hereafter the “**Redevelopment Plan**”).

B. Pursuant to Section 33220 of the CRL, any public body is authorized to enter into an agreement with the Agency for the purpose of aiding and cooperating in the planning, undertaking, construction, or operation of redevelopment projects located within the jurisdiction in which such public body is authorized to act, upon the terms and with or without consideration as such public body determines.

C. Pursuant to Section 33126(b) of the CRL, the Agency may enter into a contract with any other public agency pursuant to which such public agency furnishes necessary staff services associated with or required by redevelopment.

D. Pursuant to Section 33445 of the CRL, the Agency may, with the consent of the City, pay for all or a portion of the cost of the land for, and the cost of construction of, any building, facility, structure, or other improvements that are publicly owned and located within or contiguous to the Project Area if the City Council finds based upon substantial evidence that:

(1) The acquisition of the land or the installation or construction of the buildings, facilities, structures, or other improvements that are publicly owned are of primary benefit to the Project Area;

(2) The acquisition of the land or the installation or construction of the buildings, facilities, structures, or other improvements that are publicly owned benefits the Project Area by helping to eliminate blight within the Project Area, or will directly assist in the provision of housing for low- or moderate-income persons;

(3) No other reasonable means of financing the acquisition of the land or the installation or construction of the buildings, facilities, structures, or other improvements that are publicly owned, are available to the community;

(4) The payment of funds for the acquisition of land or the cost of buildings, facilities, structures, or other improvements that are publicly owned is consistent with the implementation plan adopted pursuant to CRL Section 33490; and

(5) The acquisition of land and the installation of each building, facility, structure, or improvement that is publicly owned is provided for in the Redevelopment Plan.

E. On the basis of the information and evidence presented to the City Council and the governing board of the Redevelopment Agency and provided in the staff report and other materials accompanying the resolutions approving this Agreement, the City Council and the Redevelopment Agency have adopted the findings described in Recital D with respect to the public improvements to be funded by the Agency pursuant to this Agreement.

F. The City and the Agency have undertaken negotiations with other public agencies, including without limitation, the State of California Department of Housing and Community Development (HCD), the Bay Area Rapid Transit District (BART), and the Transportation Livable Communities program administered through the Metropolitan Transportation Commission and the Federal Transit Administration for the purpose of reaching agreement regarding the development of public improvements and facilities within the Project Area. As more particularly described in the staff report accompanying the resolutions approving this Agreement, as a condition to the receipt of certain state and federal grant funds, in connection with such agreements, the City and/or Agency will be obligated to pay for and/or undertake certain activities, including without limitation, the development of certain public improvements and support for the production of market-rate and affordable housing.

G. The Parties desire to enter into this Agreement to set forth activities, services, and facilities that the City will undertake or make available to the Agency in furtherance of the redevelopment of the Project Area, and to provide that the Agency will pay for or reimburse the City for actions undertaken and costs and expenses incurred for and on behalf of the Agency or otherwise in furtherance of the redevelopment of the Project Area.

NOW, THEREFORE, in consideration of the mutual covenants, conditions and promises herein contained, the Parties hereby agree as follows.

1. Term. The term of this Agreement shall commence on the Effective Date, and shall continue in effect throughout the period during which the Agency remains in existence. Notwithstanding the foregoing, the Parties agree that if and to the extent any payment obligation incurred by the Agency pursuant to this Agreement may extend beyond the term during which the Agency is authorized to undertake activities pursuant to state law, such obligations shall be paid from any available resources (subject to Section 7 below), including without limitation, tax increment revenue available to the Agency pursuant to Article XVI, Section 16 of the California

Constitution and CRL Section 33670, the proceeds of bonds or other indebtedness heretofore or hereafter issued by the Agency (subject to applicable limitations imposed by federal law and the applicable bond indenture and related documents), reserve funds (to the extent not otherwise legally obligated), lease revenues, interest, and proceeds from the sale of land or other assets.

2. City to Provide Services. In support of the redevelopment of the Project Area the City agrees to provide the staffing and other services described in the attached Exhibit A attached hereto and incorporated herein by reference. Agency agrees to pay City for the cost of such staffing and other services in the amounts and in accordance with the schedule described in the attached Exhibit A.

3. Agency to Pay for Public Improvements. The Agency agrees to pay to the City the amounts set forth in Exhibit A for the cost of construction of the public improvements therein identified and in accordance with the schedule set forth therein.

4. Agency to Provide Funds for Low and Moderate-Income Housing. The Agency agrees to pay to the City the amounts set forth in Exhibit A in accordance with the schedule set forth therein for the purpose of increasing, improving and preserving the supply of low- and moderate-income housing within the City.

5. Assignment and Assumption of Obligations. Agency hereby assigns to City, and City hereby assumes from Agency, all of Agency's rights and obligations pursuant to that certain Owner Participation and Loan Agreement dated as of January 1, 2003 and executed by and between Agency, the City and Pacific States Steel Corporation (the "OPA") including without limitation, Agency's rights to receive payments and acquire property pursuant to the OPA. To effectuate the intent of this Section 5, Agency and City agree to execute and deliver an Assignment and Assumption Agreement (the "Assignment Agreement") substantially in the form attached hereto as Exhibit B, which is by this reference incorporated herein.

6. Indebtedness. The obligations of the Agency to make payment to City pursuant to this Agreement shall constitute an indebtedness of the Agency within the meaning of Article XVI, Section 16 of the California Constitution and CRL Section 33670, and shall be payable from tax increment paid to the Agency pursuant to Article XVI, Section 16 of the California Constitution and CRL Section 33670 or from any other source legally available to the Agency for such payment, and shall constitute an indebtedness of the Agency until paid in full. The Agency shall include its obligations to the City under this Agreement as an indebtedness on the Agency's statement of indebtedness filed with the County Auditor pursuant to CRL Section 33675.

7. Subordination. The obligations of the Agency to make payments to City pursuant to this Agreement shall be subordinate to any obligation of the Agency to pay debt service on bonds heretofore or hereafter issued by the Agency and to pay any other contractual indebtedness of the Agency incurred prior to the date of this Agreement.

8. Project Approvals; Environmental Review. This Agreement is not intended to limit in any manner the discretion of City or the Agency, as applicable, in connection with the issuance of approvals and entitlements for the projects described in this Agreement, including without limitation, the undertaking and completion of any required environmental review pursuant to CEQA and NEPA, as applicable, and the review and approval of plans and specifications.

9. Severability. If any term, provision, covenant, or condition set forth in this Agreement is held by the final judgment of a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions, covenants, and conditions shall continue in full force and effect to the extent that the basic intent of the Parties as expressed herein can be accomplished. In addition, the Parties shall cooperate in good faith in an effort to amend or modify this Agreement in a manner such that the purpose of any invalidated or voided provision, covenant, or condition can be accomplished to the maximum extent legally permissible.

10. No Third-Party Beneficiaries; Assignments. Nothing in this Agreement is intended to create any third-party beneficiaries to the Agreement, and no person or entity other than the Agency and the City, and the permitted successors and assigns of either of them, shall be authorized to enforce the provisions of this Agreement.

11. Further Assurances. Each Party agrees to execute, acknowledge and deliver all additional documents and instruments, and to take such other actions as may be reasonably necessary to carry out the intent of the transactions contemplated by this Agreement.

12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

13. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

14. Amendments. This Agreement may be modified or amended, in whole or in part, only by an instrument in writing, executed by the Parties.

15. Recitals. The Recitals set forth above are hereby incorporated into this Agreement as though fully set herein.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

CITY:

**CITY OF UNION CITY,
a municipal corporation**

By: _____

Title: _____

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

AGENCY:

**COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF UNION CITY,
a public body, corporate and politic**

By: _____

Title: _____

ATTEST:

By: _____
Agency Secretary

APPROVED AS TO FORM:

By: _____
Agency Counsel

EXHIBIT A

Projects to be Funded by Agency under City and Agency Cooperative Agreement

Figures include design, construction and staffing:

Current Project Obligations

BART Phase 1

\$ 1 million

APN: 087-0019-001-01

Location: BART Station at Decoto Road and Union Square, Station District

The City of Union City, Community Redevelopment Agency of the City of Union City and the San Francisco Bay Area Rapid Transit entered into a First Amended Cooperative Agreement for Implementation of the Union City Intermodal Station District Phase 1 Project, August 25, 2006. The project includes reconfiguration of the BART parking lot to better accommodate buses, bicycles, and pedestrians; expanded bus shelters, enhanced landscaping, construction of new stairs and escalators, and expansion of the passenger platform in preparation of BART Phase 2 that will complete the BART station improvements for a free pedestrian pass-through that will link future passenger rail, bus and BART services. BART Phase 1 should be completed by the end of FY 2010/11.

BART Phase 2

\$30.4 million

APN: 087-0019-001-01

Location: BART Station at Decoto Road and Union Square, Station District

BART Phase 2 will create a new entrance to BART on the east side of the station to provide direct access and a free pedestrian pass-through to the transit-oriented development planned on Alameda County Assessors Map Book 87, page 340. The project includes a crossing of the Oakland Subdivision railroad tracks that are located immediately adjacent to BART. Sixty-five percent construction drawings are complete and a construction contract will be advertised and awarded in 2011 with project completion in 2013.

The Community Redevelopment Agency of the City of Union City received a \$15 million 2009 Infill Infrastructure Grant from the California Department of Housing and Community Development, funded by Proposition 1C, to construct the project. The terms of the Infill Infrastructure Grant require the Agency to provide 155 affordable housing units on APN 087-0341-001-00 (Mid Pen Housing) and 189 market-rate units on APN 087-0340-003-00 by July 1, 2017. The Agency, the City and BART will enter into a Cooperative Agreement (March 2011) for the Agency to fund the project and for BART to manage the construction of the project.

Station District Infrastructure

\$ 2.6 million

APN: Non-specific

Location 11th and Decoto Road, Public rights-of-way in Station District

The Station District Infrastructure project includes the construction of street, utilities, pedestrian improvements and landscape projects in the general area of Alameda County Assessors Map Book 87, page 340. The project elements include the construction of Cheeves Way, Berger Way, Galliano Way, and the Line M Greenway. The Agency is providing matching funds for a \$7.6 million, 2008 Transit Oriented Development Grant from the California Department of Housing and Community Development, funded by Proposition 1C. Under the terms of the grant the Agency is obligated to provide 155 affordable housing units on APN 087-0340-004-00 (Mid Pen Housing) and 189 market-rate units on APN 087-0340-003-00. The Station District Infrastructure will be completed in FY 2010/11.

East Plaza

\$ 7.1 million

APN: 087-0340-007-00

Location: 11th Street, Station District

The East Plaza is a 1.4 acre community gathering space for residents and employees of the Station District and is adjacent to the future east entrance of the BART Station. The project will be funded with the 7.6 million Transit Oriented Development Grant through the California Department of Housing and Community Development; a Transportation for Livable Communities Grant from the Metropolitan Transportation Commission; and Tax Allocation Bonds. Ninety-five percent construction drawings have been completed. The project will be advertised in February 2011 and a construction contract awarded in March 2011. It will take approximately one year to construct the project.

Union Station Loop Road

\$ 2.3 million

APN: Public right-of-way at 087-0340-007-00

Location: 11th Street, East Plaza, Station District

The Union Station Loop Road is located between the East Plaza and the new east entrance to the BART Station. The loop road is to facilitate bus passenger drop offs and pick-ups at the BART Station. The project is funded through a grant from the Federal Transit Administration and Agency Tax Allocation Bonds. Ninety-five percent construction drawings have been completed. The project will be advertised for construction in February 2011 and a construction project will be awarded in March 2011. It will take approximately one year to construct.

Pedestrian Promenade and Playground

\$ 1.13 million

APN: 087-0340-003-00

Location: 11th Street at Berger Way, Station District

The Pedestrian Promenade and Playground is an open space element that links the BART/Intermodal Station to the future pedestrian crossing to the Shelton Property (Zwissig Way, APN: 087-0023-014-00) in the Research and Development Campus District east of the UPRR tracks. The Promenade and Playground is approximately 100 feet wide by 350 feet long and runs from 11th Street to Cheeves Way. The Promenade and Playground also serve as open space and recreation area for the 155 affordable housing units (Mid Pen Housing) that are under construction and the future 189 market rate units. Funding for this project is provided by the \$7.6 million, 2008 Transit Oriented Development Grant from the California Department of Housing and Community Development (Proposition 1C) and Agency funds.

Mid Pen Station District Affordable Housing

\$27 million

APN: 087-0341-01-00

Location: 11th Street, Station District

The Redevelopment Agency pledged \$27 million for the construction of 155 units of affordable housing and 2 manager units (Mid-Pen Housing). A Disposition and Development Agreement and a Financing Plan (RDA Resolutions 391-09, 410-09, 412-09, 419-09) with Mid Pen commits the Agency to assisting the project. Nine million dollars of the \$27 million were Project Funds and will be repaid to the Project Fund from the Housing Fund over time. The repayment of the \$9 million to the Project Fund is needed to fill the funding gap on BART Phase 2. The Agency is obligated to construct BART Phase 2 under the \$15 million 2009 Infill Infrastructure Grant from the California Department of Housing and Community Development, Proposition 1C. The terms of the Infill Infrastructure Grant require the Agency to provide 155 affordable housing units on APN 087-0341-001-00 (Mid Pen Housing) and 189 market-rate units on APN 087-0340-003-00 by July 1, 2017.

Barry Swenson Builder Market Rate Housing

\$ 1.5 million

APN: 087-0340-003-00

Location: 11th Street, Station District

The Agency has entered into an Amended and Restated Exclusive Negotiating Agreement (Redevelopment Agency Resolution 424-10) with Barry Swenson Builder for the construction of high-density, transit-oriented housing. As a co-applicants to the grants (BART Phase 2 \$15 million 2009 Infill Infrastructure Grant and the \$7.6 million 2008 Transit Oriented Development Grant from the California Department of Housing and Community Development, funded by Proposition 1C), Barry Swenson Builder and the Agency are obligated to construct 189 units of market-rate housing on this property by July 1, 2017.

Housing Fund

Housing Loan Repayment to Project Fund **\$ 9 million**

APN: 087-0341-01-00 (Mid Pen) and 087-0019-001-01 (BART Station Phase 2)

Location: Mid Pen Housing on 11th Street, Station District; BART Station. Decoto Road and Union Square

The Project Fund loaned the Housing Fund \$9 million to close the funding gap for the 155 affordable housing units built on 087-0341-01-00 by Mid Pen. The repayment is necessary to fulfill the construction obligation of BART Phase 2 as described in the project description above.

Housing Rehabilitation Grant program **\$ 0.25 million per year**

Provide an average of 40 housing rehabilitations for very-low and low income households citywide.

Administering Affordable Housing Program **\$ 0.19 million per year**
Location Citywide

Ongoing administration of citywide affordable housing units.

Future Projects:

Pedestrian Crossing to Shelton Property **\$ 5 million**

APN: 087-0340-003-00; 087-0023-007-00; 087-0023-008-02; 087-0023-14-00

Location: Cheeves Way, Station District, and the Shelton property in the RDC District (Zwissig Way)

A pedestrian overpass is planned to link BART/Intermodal Station to the 80-acre Research and Development Campus (RDC) District to connect a job center with public transit. The pedestrian crossing would span from the Pedestrian Promenade in the Station District, across the UPRR tracks and the PG&E property, and connect to future streets and pedestrian paths on the Shelton property in the RDC district. A feasibility study is underway, which is sponsored by an MTC planning grant.

Public Building on the East Plaza

\$45 million

APN: 087-0340-007-00,
Location: 11th Street, Station District

A 33,000 square foot public building with meeting facilities is planned for the East Plaza. A library or a fine arts facility is the priority uses identified for this building

Passenger Rail Station at the Intermodal Station

\$50 million

APN: 087-0019-005-02
Location: 11th Street, East Plaza, East side of BART Station

A passenger rail station is planned to be constructed that will directly connect with the existing BART station and provide rail service for the Capitol Corridor, Dumbarton Rail and Altamont Commuter Express. The passenger rail station will complete the free pedestrian pass-through to link the transit-oriented development on the east and west sides of the BART station, and connect passenger rail, BART and bus services into one intermodal facility. Construction of the passenger rail station will include elevating the tracks and creating a grade separation on Decoto Road to accommodate the projected 45 trains per day.

East-West Connector Project Funding Gap

\$10 million

APN: Non-specific, within currently identified roadway alignment
Location: Eastern side of City, near Union City/Fremont city limits

A local match will be needed to close the project funding gap for a new 4-lane roadway with pedestrian and bicycle facilities. The new roadway runs from Mission Boulevard at Appian Way in Union City to I-880 at Decoto Road in Fremont. The project sponsor is the Alameda County Transportation Authority (ACTA) and the funding source is 1986 Measure B funds. Construction documents are being prepared and right-of-way is being secured. Roadway construction is expected to commence in 2012. The roadway is necessary to accommodate high-density, transit-oriented infill development in the Station District.

Waste Consolidation Area Development

\$30 million

APN: 087-0335-006-00
Location: 11th Street, Station District

As part of the PSSC Owner Participation Agreement, the Agency may exercise an option to purchase the Waste Consolidation Area (WCA), which is the encapsulated slag from the clean-up of the PSSC site. This blighted area will need to be prepared for future development.

Horner-Veasy Area Improvements

\$18 million

APN: 482-0020-002-03, 482-0020-005-00, 482-0020-006-00, 482-0020-007-00, 482-0020-008-02, 482-0020-009-00, 482-0020-018-00, 482-0022-001-02, 482-0022-007, 482-0022-009-01, 482-0027-001-10, 482-0027-002-00, 482-0027-003-03, 482-0027-004-03, 482-0027-006-01, 482-0027-007-19, 482-0027-013-00, 482-0027-014-00.

Location: The Horner-Veasy Area consists of approximately 19 acres of underutilized land, including two acres of public streets. The Area is located on the far west side of Union City and is bounded by the Alameda County Flood Control District dredging basin on the north, Whipple Road on the East, Benson Road on the South, and Old Alameda Creek on the West

The Horner Veasy Street Area lacks basic infrastructure that is necessary to encourage development and remove blight. A 2008 Infrastructure Needs Assessment Report prepared by Wilsey Ham, an engineering consultant for the Area, identified the following significant physical and infrastructure upgrades required for future development to occur: (1) Construct curbs, gutters, sidewalks, and drainage improvements for Benson Road, Horner Street, and Veasy Street; (2) Install sewer facilities in Veasy Street and upsize sewer facility in Horner Street; (3) Import soil to raise properties out of the FEMA flood plain; (4) Remediate contaminated soils; (5) Compact soils to prevent liquefaction; (6) Construct pump station to export stormwater runoff; and (7) Upsize water, gas, electrical, and communication facilities.

Future Housing Obligations in Project Area

\$100 million

Mission Boulevard Infill Project

APN: 486-0003-028-00; 486-0003-029-00; 486-0003-030-00; 486-0003-035-00; 486-0003-034-03; 486-0003-034-04

Location: 33411 – 33459 Mission Boulevard, 2nd Street, D Street, and E Street

Redevelop an existing 1.61 acre site with a mixed-use housing and commercial development. Density would be between 17 and 60 units an acre.

Central Park West

APN: 475-0170-006-00; 475-0170-005-00

Location: 2500 Parkside Drive

Replace approximately 340 severely blighted and substandard housing units with new, affordable units.

Agency Area Obligation

APN: Non-specific

Location: Redevelopment Project Area

To meet the overall 15 percent affordable housing obligation, including infill projects.