



A G E N D A
IMPERIAL BEACH CITY COUNCIL
REDEVELOPMENT AGENCY
PUBLIC FINANCING AUTHORITY



NOVEMBER 14, 2007
WORKSHOP – 9:00 A.M.

Community Room
 (behind Council Chambers at City Hall)
 825 Imperial Beach Blvd.
 Imperial Beach, CA 91932

THE CITY COUNCIL ALSO SITS AS THE CITY OF IMPERIAL BEACH REDEVELOPMENT AGENCY, PLANNING COMMISSION, AND PUBLIC FINANCING AUTHORITY

The City of Imperial Beach is endeavoring to be in total compliance with the Americans with Disabilities Act (ADA). If you require assistance or auxiliary aids in order to participate at City Council meetings, please contact the City Clerk's Office at (619) 423-8301, as far in advance of the meeting as possible.

WORKSHOP CALL TO ORDER BY MAYOR

ROLL CALL BY CITY CLERK

COMMUNICATIONS FROM CITY STAFF

PUBLIC COMMENT Each person wishing to address the City Council regarding items not on the posted agenda may do so at this time. In accordance with State law, Council may not take action on an item not scheduled on the agenda. If appropriate, the item will be referred to the City Manager or placed on a future agenda.

REPORTS – Conduct discussion on the following topics:

- 1.* Walkability/Traffic Calming Presentation by Andy Hamilton. (0680-85) *(Time Specific for 9:00 a.m.)*
2. Review Goals. (0100-10)
3. Palm Ave. Lifeguard Station. (0220-20)
4. Proposed Clean and Green (Rehabilitation) Program. (0660-65)
5. RDA Bonds. (0340-10)
- 8.* Revenues. (0300-80)

* No Staff Report

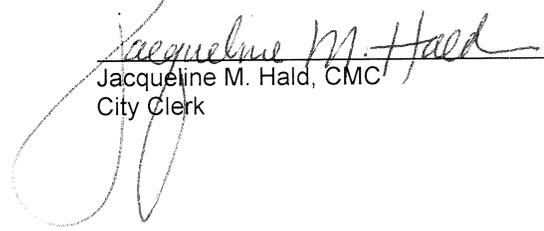
MAYOR/COUNCIL ANNOUNCEMENTS/REPORTS

ADJOURNMENT

Copies of this notice were provided on 11-8-07 to the San Diego Union-Tribune, I.B. Eagle & Times, and I.B. Sun.

AFFIDAVIT OF POSTING)
 STATE OF CALIFORNIA)
 CITY OF IMPERIAL BEACH)

I, Jacqueline M. Hald, CMC, City Clerk of the City of Imperial Beach, hereby certify that the Agenda for the Workshop Meeting as called by the City Council, Redevelopment Agency, and Public Financing Authority of Imperial Beach was provided and posted on November 8, 2007. Said meeting to be held at 9:00 a.m., November 14, 2007, in the Community Room (behind Council Chambers at City Hall), Imperial Beach, California. Said notice was posted at the entrance to the City Council Chambers and the Community Room on November 8, 2007 at 10:30 a.m.


 Jacqueline M. Hald, CMC
 City Clerk



CITY OF IMPERIAL BEACH

TO: City Council
FROM: Gary Brown, City Manager
SUBJECT: Workshop on Wednesday, November 14th

First, just a reminder that your workshops are a chance for you to talk about whatever is on your minds. It's a chance for brainstorming and freewheeling conversation.

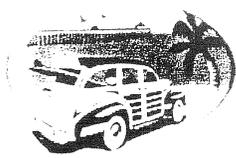
Second, attached are the goals for 2007-2008 that you adopted in February with background materials. We can review and comment on any of these, as well as other subjects we've been working on.

Third, other specific topics for your consideration are listed on the workshop agenda. Other than the consultant's presentation at 9:00 a.m., please take them as well as other topics in any order you want.

See you in the Community Room on Wednesday morning.

See
attached
Staff Report/
Correspondence
from 10/23/07

11/14/07 Workshop
Item 2



STAFF REPORT
CITY OF IMPERIAL BEACH

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: GARY BROWN, CITY MANAGER

MEETING DATE: February 7, 2007
ORIGINATING DEPT: Office of the City Manager

SUBJECT: Goals for 2007-2008

BACKGROUND & DISCUSSION:

We discussed strategic goals at Council's December 12th Workshop. Please see the attached December 6 and December 13 memos.

It would help us focus on Council's goals if they are reviewed and adopted by you in one document. Therefore, I've tried to group your goals from the workshop into three areas and placed actions within the three:

- 1. Achieve Financial Stability
- 2. Increase Revenues
- 3. Complete Master Plans

I hope this memo based upon your workshop discussion will serve as our guide over the next two years and focus our work. Also keep in mind that staff will continue to provide core services such as fire and emergency response, building safety, code enforcement, facilities maintenance, wastewater management, environmental, parks, traffic control, and public safety.

Under "Achieve Financial Stability" are the following:

- 1. Improve management of financial reports; streamline accounting and management reports
- 2. Improve processes between planning and finance such as issuing licenses, on-line payments, and accepting credit cards
- 3. Provide financial status reports in a more timely manner
- 4. Update ABC allocation
- 5. Improve tracking of 5 year CIP
- 6. Constantly evaluate services – bring back to basics; can we afford them?
 - Look for efficiencies
 - What services can be eliminated?
- 7. Explore tax increase – ballot measure 2008
- 8. Issue another bond if needed and feasible
- 9. Stabilize long term Sheriff's costs – negotiate JPA with Sheriff
- 10. Explore ways to provide Fire and emergency response services more efficiently
- 11. Review options related to Social Security

Under "Increase Revenues" are grouped:

- 1. Ensure adequate Port funding for maintenance and public safety
- 2. Seek non-city funds for environmental mandates or reduce the mandates
- 3. Get at least one of the following to break ground:

*10/23/07 Workshop
Item 7*

- a) Seacoast Inn
- b) Hotel on Mundt property
- c) 9th/Palm
4. Look for other redevelopment opportunities on: Palm and Old Palm, Seacoast Drive in-fill sites and IB Blvd. and 13th Street
5. Ensure that the City is receiving proper TOT
6. Consider raising fees for various City services*
7. Get ecotourism information on line and link to other development projects
8. Seek ways to protect ocean water quality and the beach which are fundamental to the City's economy.

*This one wasn't mentioned at your December workshop, but comes from earlier discussions.

"Complete Master Plans" includes:

1. Commercial Zoning Study
2. Bay front Mater Plan
3. Palm Avenue Study
4. Revise 5 year CIP

There were a few other ideas that might be placed under "Improve quality life":

1. Build tennis courts and a skate park (Tennis courts may not be a high priority.)
2. Meet housing goals for low and moderate income people
3. Build a greenbelt along Elm from 7th to 13th Street (This may not be a high priority.)

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

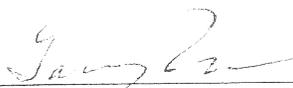
Not defined as a project.

FISCAL IMPACT:

None by adopting goals, but certain actions should improve our fiscal condition.

CITY MANAGER'S RECOMMENDATION:

Please review and comment on the above goals and establish some or all of them as strategic goals for the next two years.



Gary Brown, City Manager

Attachments:

1. Memo dated December 6, 2006
2. Memo dated December 13, 2006

Return to Agenda

CITY OF IMPERIAL BEACH

TO: CITY COUNCIL
FROM: GARY BROWN, CITY MANAGER
SUBJECT: WORKSHOP ON TUESDAY, DECEMBER 12
9:00 AM, DEMPSEY HOLDER SAFETY CENTR
DATE: DECEMBER 6, 2006

We'd like to focus this workshop on discussing and naming strategic goals for 2007. Given our community's needs, but poverty of resources, our key challenge is to narrow our sights on the few important goals you would hope to achieve over the next year or two. Place yourself two years from now and ask yourself, "What am I proud to have achieved over the last two years?"

Let's ask ourselves also, "What can we do Now to achieve these goals?" I suggest this because setting strategic goals is not just about long-range dreams; it's taking steps now to achieve those dreams.

By the end of our discussion, I hope we'll have arrived at the few, most important, goals you hope to achieve over the next few years. It would be most helpful if we could establish a few key actions under major topics. For example, under economic development you might say, "Concentrate on three things: Seacoast Inn, the Mundt Property, and develop a new approach to 9th/Palm."

❖ History

It's important to get a sense of the City's past in order to envision its future. Therefore, attached for your review are:

1. An Organization Chart
2. City Council Workshop Memo of 11/4/05
3. April 7, 2005 Goal Setting Workshop Memo
4. Survival Plan Elements – adopted on 11/7/01

❖ Today

We have a fairly full plate of challenges, goals, and questions to address including:

1. Economic Development

- a. Seacoast Inn
 - b. Mundt Property (northwest corner of Seacoast Drive and Imperial Beach Blvd)
 - c. 9th and Palm (Council to decide on next steps)
 - d. Review of Commercial Zoning (contract to go to Council soon)
 - e. Planning for Old Palm and Palm Avenue
 - f. Ecotourism – marketing and website
 - g. RFP/Q out on El Camino Hotel site
2. Fiscal
- a. Prepare balanced budget for 7/07 to 6/09
 - b. Consider a ballot measure to increase revenue (hire tax consultant?)
 - c. Issue another redevelopment bond?
 - d. Seek personnel savings in Fire and Public Works Departments
 - e. Improve information and operations within Finance Department
 - f. Legal actions elsewhere may affect stormwater management budget
 - g. Pump station #9
 - h. Demands for Redevelopment funds
 - i. Review of CIP to be presented to Council
3. Public Safety
- a. Sheriff's contract
 - b. Port contract still pending
4. Environmental
- a. EDCO rate increase
 - b. Recycling – meet state mandates
 - c. Stormwater Management – RWQCB – new permit
 - d. Sand Replenishment

- ❖ Corps of Engineers project
 - ❖ Alternative system – Mr. Wade has recently found out about another method to retain sand
 - e. Ocean water quality – Japanese credit plants, Bajagua
 - f. Sewer rate increase
 - g. Replace one truck and modify two others to meet air quality standards
 - h. Ecotourism bikeway
5. Construction
- a. Street lighting – on hold
 - b. Alley Paving – work with areas that wanted it?
 - c. Phase III Street Work – in design
 - d. Veterans Park – underway – proceed with signage?
 - e. NOLF entry – underway
 - f. Find alternative site for PW facility?
 - g. Renovations to City Hall, community room and Council Chambers – underway
 - h. Skate Park - need to design
 - i. Palm Avenue Street End – Port is re-engineering to put out for bids
6. Other Planning efforts
- a. Housing Element
 - b. Bayfront Master Plan
7. Basic Business
- a. Maintain infrastructure (streets, pipes, sidewalks, parks) and facilities
 - b. Process development – plan reviews, inspections, zoning
 - c. Code enforcement
 - d. Maintain financial and information processing

- e. Keep good records of City business – City Clerk
- f. Respond to fires and medical emergencies
- g. Keep the beach and coastal facilities in good shape
- h. Sheriff's services
- i. Fire inspections
- j. Lifeguards
- k. Special events
- l. Animal Control
- m. Senior Citizens Program
- n. Recreation activities such as baseball, softball and teen center
- o. Overall staffing- retain and attract good staff

(Activities under one main item overlap into another. For example, a new Seacoast Inn under Econ Dev affects our fiscal resources.)

Please carefully consider your dreams, goals and a few specific actions for our City, and come prepared to discuss them at this Tuesday's workshop.

CITY OF IMPERIAL BEACH

TO: CITY COUNCIL
FROM: GARY BROWN, CITY MANAGER
SUBJECT: NOTES FROM COUNCIL WORKSHOP
ON DECEMBER 12, 2006
DATE: DECEMBER 13, 2006

NAZIE TASHAKORIAN

Strengthen Ordinances
Review sign ordinance related to political signs

FRED McLEAN

Economic Stability
Eco-tourism
Bay front Plan
Tennis courts
Skate Park

FRANK SOTELO

Stabilize Sheriff contract/costs
Explore fire consolidation efficiencies
Study responsibilities/consolidate – look for efficiencies

JERRY SELBY

Hotel
Old Palm infill
Route 75 Corridor
Low/mod housing
Eco-tourism infrastructure
9th and Palm

JIM JANNEY

Finances – need to know where we are at all times; need good updated analysis
Businesses that generate dollars
Commercial zoning study – speed up, complete as soon as possible

GARY BROWN

Tax increase
Staffing compensation to attract and retain good people
What could be eliminated? Certain services, time constraints of staff, free services

JEANETTE LADRIDO

5-year CIP – better tracking of money
New Bond issue?
Streamline accounting processes and management reports
Update ABC allocation
Better management of finance reports

PATRICIA McCOY

Ensure adequate funding from Port
Stabilize costs – sheriff, benefits, compensation
Public safety
Hotels – keep working on them
Eco-tourism – seek grants
Commercial zoning study

TOM RITTER

Financial stability
Hotel
9th and Palm
Commercial zone study
Public Safety funding
Seacoast Infill Development

JACQUE HALD

Evaluate services – can we afford them?
Ballot measure 2008

MAYDA WINTER

Sheriff JPA to negotiate
Two significant revenue-generating projects - groundbreaking
Negotiate long-term port (5-year) MSA
Improve processes between Finance and Planning; issuing licenses, take credit cards, on-line payments
All master plans done

HANK LEVIEN

5-year CIP done on time
New RDA bond
Develop next 5-year CIP
Financial stability
Solution to environmental mandate funding
Greenbelt along Elm from 7th to 13th Street

LORIE BRAGG

Seacoast Inn
Mundt Property
IB & 13th - Plan and develop
Palm Ave
Bayside masterplan

GREG WADE

Increase revenues
 Seacoast Inn
 Mundt property
 Short-term Rental TOT
Eco-tourism
Get out of Social Security – RDA corp
Sand replenishment
Commercial zoning study
Facilitate redevelopment on appropriate sites
Masterplan efforts: Bayside, Palm Ave, revise 5-year Implementation plan
Update Econ Dev plan – redirect funds from 9th and Palm as needed
9th and Palm – identify and work with developer



MEMORANDUM
CITY OF IMPERIAL BEACH
PUBLIC SAFETY DEPARTMENT
OCEAN/BEACH SAFETY DIVISION

To: Gary Brown, City Manager
From: Robert Stabenow, Lifeguard Captain
Date: November 14, 2007
Re: **REQUEST FOR LIFEGUARD FACILITY IMPROVEMENT -
PALM AVENUE STREET END REDEVELOPMENT PROJECT**

The Palm Avenue street end has historically been an aquatic hazard due to the permanent rip currents and the 50-yard blind spots, which exist on either side of the rock jetty. The previous Palm Avenue Lifeguard Station was staffed year round and provided an effective and efficient means to monitor public safety and ocean/beach activity in the north beach sector of the city. Unfortunately, the lifeguard station was demolished in 2000, when the main lifeguard station was relocated to the Safety Center at the end of Elder Avenue. For the past seven years, a temporary portable lifeguard beach tower has been placed at the Palm Avenue street end to compensate for the removal of the Palm Avenue Lifeguard Station.

A considerable increase in beach and ocean activity is anticipated in the north beach sector due to the various San Diego Unified Port District beach improvement projects in the area. This activity will pose a significant impact to lifeguard services and their ability to effectively and efficiently monitor and respond to public safety demands.

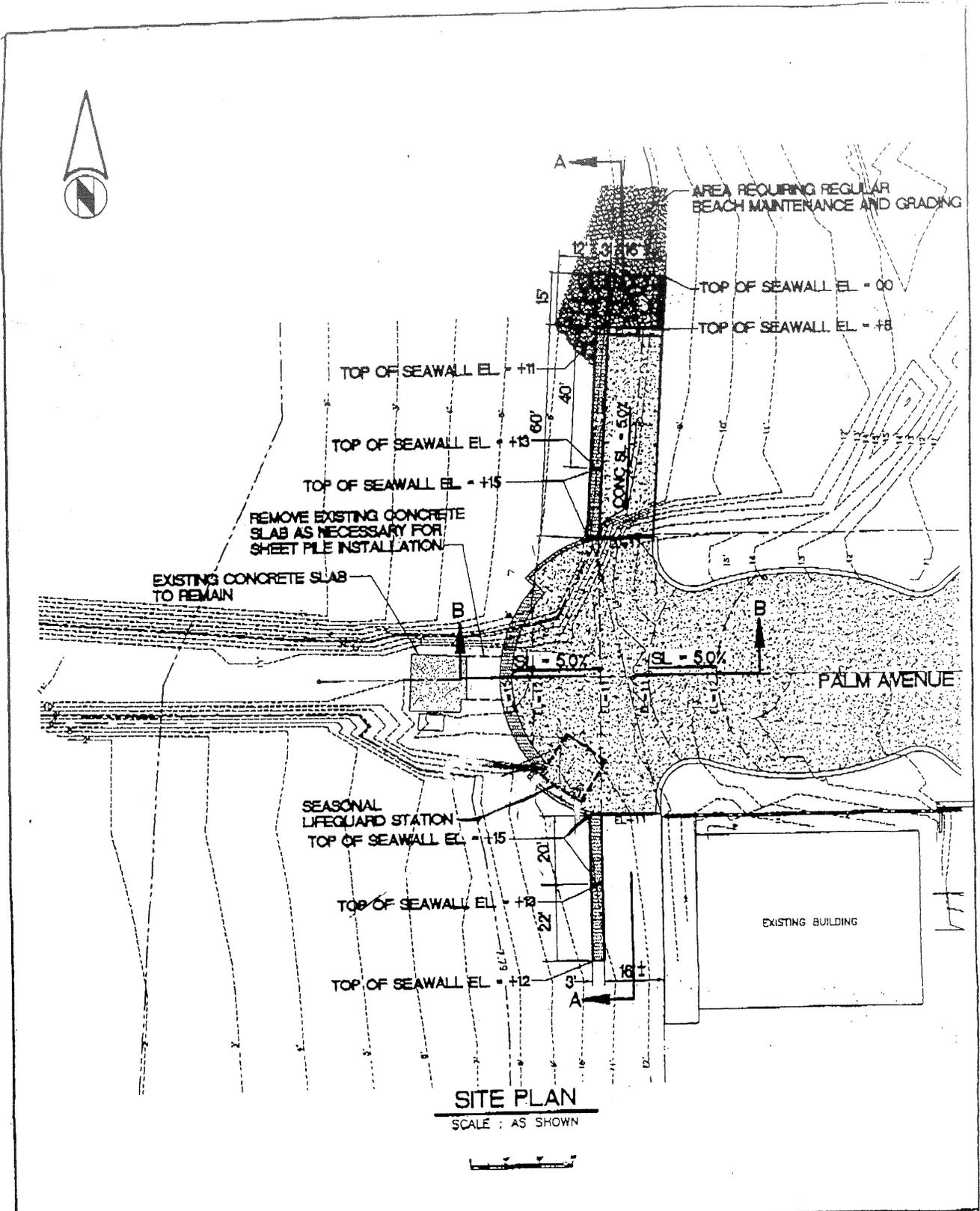
In an effort to proactively manage the increased future demands of the area, I respectfully request the addition of the following lifeguard facility improvement to the Palm Avenue Street End Redevelopment Project:

- Placement of a customized seasonal portable fiberglass tower on the southwest corner of the seawall at Palm Avenue street end to be used during the busy spring and summer seasons. Estimated cost: \$40,000

As an alternative, it has been discussed that a portable beach tower be placed directly north or south of the Palm Avenue street end. Due to large winter storms the sand erosion the Palm Avenue street end often has a 2 to 10 foot drop-off to the beach during the spring and early summer months. Placing a portable tower on the beach near Palm Avenue during this time period would most likely result in the tower being damaged from the high tides and wave action. Generally, placing a tower on the beach near Palm Avenue is not prudent until the middle of July.

The addition of this facility improvement will enhance the results of the Palm Avenue Street End Project by providing not only a beautiful beach access point, but also achieving improved public safety monitoring and response times.

11/14/07 Workshop
Item 3



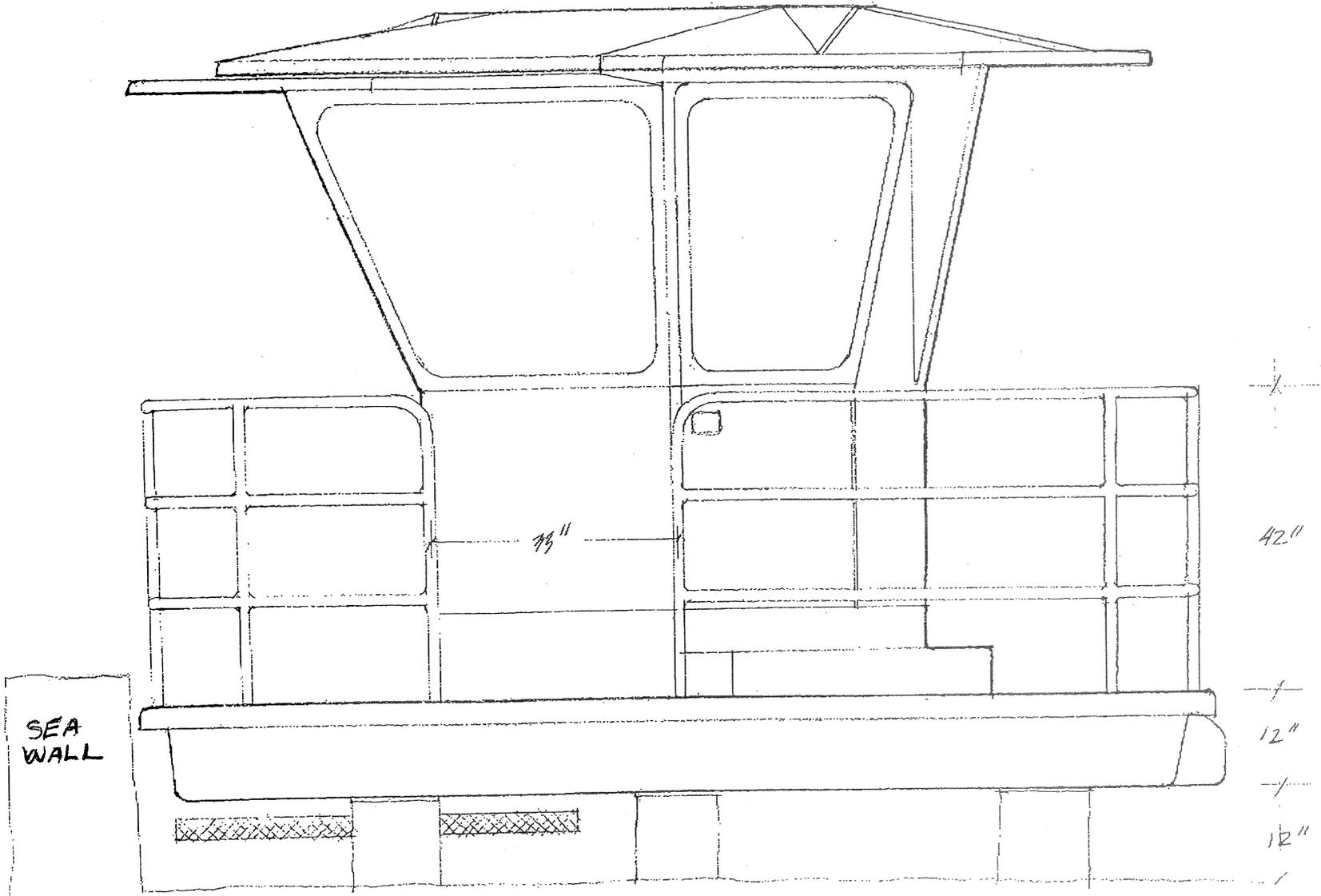
SITE PLAN
SCALE : AS SHOWN

<p>SAN DIEGO UNIFIED PORT DISTRICT 3145 PACIFIC HIGHWAY SAN DIEGO, CA, 92101</p>	<p>PURPOSE : INSTALL EROSION PROTECTION FOR STREET ENDS AND PROVIDE ADA ACCESS TO BEACH</p>	<p>EXHIBIT PALM AVENUE COASTAL IMPROVEMENTS</p>
<p>STREET END IMPROVEMENTS IMPERIAL BEACH, CALIFORNIA</p>	<p>DATUM : M.L.L.W. DATE : 8-9-00</p>	<p>SHEET 1 OF 2 DRAWN BY: JPM CHECKED BY: MFC</p>

FROM :

PHONE NO. :

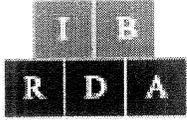
Dec. 10 2003 09:53PM P2



F.R.T. ELEVATION I.B.R. 5.17.00
 SURVEYOR JR. WITH CUSTOM DECK ASSY & RAILINGS SCALE 1" = 1'-0"

See
attached
Staff Report/
Correspondence
from 10/23/07

11/14/07 Workshop
Item 4



Imperial Beach
Redevelopment Agency

AGENDA ITEM NO. 3

**STAFF REPORT
IMPERIAL BEACH REDEVELOPMENT AGENCY**

TO: CHAIR AND MEMBERS OF THE REDEVELOPMENT AGENCY

FROM: GARY BROWN, EXECUTIVE DIRECTOR

MEETING DATE: OCTOBER 23, 2007

ORIGINATING DEPT.: COMMUNITY DEVELOPMENT DEPARTMENT
GREG WADE, DIRECTOR
GERARD E. SELBY, REDEVELOPMENT COORDINATOR

SUBJECT: NEIGHBORHOOD REVITALIZATION – CLEAN AND GREEN PROGRAM

BACKGROUND

On June 27, 2001 the City Council and Redevelopment Agency (the "Agency") adopted the Redevelopment Plan for the Palm/Commercial Redevelopment Project. In 2003 Tax Allocation Bonds (the "Bond") were issued yielding approximately \$22 million. A series of Community Workshops were held to determine community priorities for the Bond proceeds. In summer of 2004, the Agency held a Focus Discussion based on the Community Workshops' results and established allocation priorities for the Bond proceeds. The Focus Discussion agreed with the recommendations of the Community Workshops that a Residential Rehabilitation Loan was a priority. On October 6, 2004, the Agency approved the Economic Development Plan and directed Staff to create a Residential Rehabilitation Loan Program. On March 2, 2005, the Redevelopment Agency and City Council adopted the Five-Year Implementation Plan ("the Plan") that outlined the goals and objectives of the Redevelopment Agency over the next five years. The goals of the Plan are to eliminate adverse neighborhood conditions, maintain and upgrade residential units, and to eliminate substandard housing through rehabilitation.

In September 2005, the City Council approved a Residential Rehabilitation Loan Program that used Community Development Block Grant ("CDBG") funds. In October 2006, after a year of administering the program and completing three (3) homes, staff recommended terminating program. Staff determined that the approval processes required by the CDBG program did not allow staff to respond in a timely manner. In addition, the \$10,000 forgivable loan did not allow for a sufficient amount of improvements to be made, and therefore did not make a noticeable impact on revitalizing the individual properties. However, the goal and objective to revitalize the City's neighborhoods remains a priority.

DISCUSSION

Staff researched and determined that a residential rehabilitation loan program could be supported by redevelopment agency funds. The proposed Clean and Green, a Neighborhood Revitalization Program is similar to the former residential rehabilitation loan program. The program is designed for qualified single-family homeowners. The difference between the two programs is the addition of separate loan categories for Energy and Water Conservation Improvements, Exterior (aesthetic) Improvements, and Interior Health & Safety Improvements. Qualified homeowners are eligible for all three categories, for a total loan of \$30,000. This program also includes homeowners who have moderate, not just low, incomes.

The process and the documentation required to qualify are the same. The proposed program has eliminated some improvements (kitchen and bathroom remodels, except handicapped access), but has added additional improvements (energy and water conservation improvements and weatherization improvements) that could be considered. The proposed program will allow irrigation improvements if combined with the removal of turf lawns. The proposed Clean and Green Program is attached.

There is enough Tax Increment - Housing funds remaining in Neighborhood Revitalization Project in the Five-Year Capital Improvement Program Budget for Fiscal Years 2004/2005 through 2008/2009 to initiate loans on six (6) properties. Staff could initiate the program and provide the City Council with an update on the program. The City Council could then decide to continue, revise, or terminate the Program.

ENVIRONMENTAL IMPACT

Not a project as defined by CEQA.

FISCAL IMPACT

There is approximately \$192,000 tax increment - Housing in the Five-Year Capital Improvement Program Budget for Fiscal Years 2004/2005 through 2008/2009. Depending on the demand for the program, additional funding may be recommended in the future.

DEPARTMENT RECOMMENDATION

Staff recommends that the Redevelopment Agency provide comments and direction. Depending on Council's direction, the subject can go to a formal Council meeting.

CITY MANAGER'S RECOMMENDATION:

Approve Department recommendation.



Gary Brown, Executive Director

Attachments:

- 1. Clean and Green – Neighborhood Revitalization Program Guidelines

CLEAN AND GREEN

Neighborhood Revitalization Program Guidelines

I. PURPOSE OF THE CLEAN AND GREEN PROGRAM (“the Program”)

The Neighborhood Revitalization Program is designed to provide the financial resources for very low, low and moderate-income individuals and families to improve energy and water efficiency, health and safety, and/or enhance the physical appearance of their home and property.

The Program includes assistance for Energy efficiency and Water Conservation installations with maximum of \$10,000, Exterior Repairs with a maximum of \$10,000, and Interior Health and Safety Repairs with a maximum of \$10,000. The maximum combination of grants is \$30,000 per property.

The goal of the Program is to assist ten (10) homeowners per fiscal year.

II. PROGRAM DESCRIPTION

- a. **Single Family Homes** – Assistance is available to owner-occupants of single-family attached and detached homes, and manufactured homes on private lots. The program offers zero interest loans up to \$30,000 per eligible household.
- b. **Deed of Trust** – A recorded Deed of Trust on the housing unit will be used to secure payment.
- c. **Loan Repayment** – The Imperial Beach Redevelopment Agency receives the full loan repayment upon the property’s lease, sale, refinance, or transfer to a new owner. The loan is forgiven on a pro-rata for each year of residency, if the owner-occupant remains in the housing unit for a period of 15 years. If the owner-occupant remains in the home for less than 15 years, the loan is forgiven, on a pro-rata basis, for each year of residency with balance due upon the lease sale, refinance or transfer to a new owner. One loan is permitted for each property.

III. ELIGIBLE APPLICANT

Assistance from the Program is available only to persons who:

1. Are of legal age and have the capacity to competently enter into financial and contractual agreements.
2. Reside in and own the property and possess proof of ownership such as a State of California or a grant deed (real property) located in the city of Imperial Beach.
3. Have income that does not exceed 120% of the area median income, adjusted by family size, as determined by the U.S. Department of HUD.

<i>Low/Moderate Income</i>	<i>Annual Income*</i>
<i>1 Person</i>	<i>\$39,300</i>
<i>2 Persons</i>	<i>\$44,900</i>
<i>3 Persons</i>	<i>\$50,550</i>
<i>4 Persons</i>	<i>\$56,150</i>
<i>5 Persons or More</i>	<i>\$60,650</i>

*These income caps are based on the Department of Housing and Urban Development (HUD) 2007 median incomes. These income limits are subject to change annually.

4. Agree to comply with any and all applicable permit, code and other regulations of the City.

Property owned by a Trust is eligible to participate in the program (At least one of the trustees must reside in the home). All trustees must sign all the appropriate documentation. The income of all beneficiaries is used to determine income eligibility. Transfer of an assisted property into a trust would not automatically trigger any repayment.

IV. DETERMINATION OF ADJUSTED GROSS INCOME

In calculating adjusted gross income, all income of the applicant and other household members eighteen years of age or older, and not full-time students, will be considered as follows:

1. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips, and bonuses, and other compensation for personal services;
2. The net income from an operation of a business or profession, as calculated by averaging the net income manifested by their Federal income taxes for the past three years;
3. Interest, dividends, and other net income of any kind from real or personal property (where the family assets are in excess of \$5,000, excluding property adjusted gross income shall include the greater of the actual income derived from all assets or percentage of such assets based on the current passbook savings rate);
4. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment;
5. Payment in lieu of earnings, such as unemployment, worker's compensation, severance pay, welfare assistance (NOTE: Such payments may be excluded by the lending institution providing the first mortgage, for purposes of underwriting, but shall be included in eligibility determinations for this program);

6. Periodic and determinable allowances, such as alimony and child support payment, and regular contributions or gifts received from persons not residing in the dwelling to the extent that such payments are reasonably expected to continue;
7. All regular pay, special pay, and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the family, spouse, or other person whose dependents are residing in the unit;
8. Any earned income tax credit to the extent it exceeds income tax liability;
9. Any other income that must be reported for Federal and State income tax purposes; and
10. Gross Self-employed income, as reported on Schedule C, IRS 1040.

V. ELIGIBLE IMPROVEMENTS

- Exterior work such as painting, roofing, siding, repair/replacement of windows, doors and door locks, and fencing (except chain link and must be in the front yard setback).
- Interior work such as plumbing, inadequate or inefficient heating/cooling systems, water heaters, heat pumps, and electrical wiring.
- Weatherization and energy conservation elements such as insulation, caulking, and weather stripping.
- The replacement of turf lawn with water efficient (xeriscape) landscaping (front Yard and/or side yard of corner lots)
- Irrigation with the replacement of turf (front Yard and/or side yard of corner lots)
- Solar Energy Equipment including photovoltaics
- Solar Water Heaters
- Clean-up and removal of trash or debris from property
- Handicapped accessible retrofits

VI. INELIGIBLE IMPROVEMENTS

Examples of ineligible improvements include the following:

1. Repair, purchase or installation of kitchen appliances, counter tops, or cabinets.
2. Repair, purchase or installation of bathroom fixtures.
3. Recreational items such as barbecues, bathhouses, greenhouses, swimming pools, saunas, television antennae, tennis courts.
4. Luxury items such as burglar alarms, burglar protection bars, dumbwaiters, kennels, murals, awnings, patios, decks and storage sheds/workshops.
5. Other items as deemed ineligible by the City Manager or his/her designated representative.
6. Chain Link Fencing

VII. PROGRAM CONDITIONS

Both the City and the applicant will adhere to certain conditions as follows:

IMPERIAL BEACH REDEVELOPMENT AGENCY

1. The City will comply with the Fair Credit Reporting Act that stipulates and guarantees the applicant's privacy and right to have all information regarding the loan transaction kept in a confidential manner.
2. The City will not discriminate upon the basis of sex, age, race, creed, color, class, national origin, sexual orientation or ancestry in the awarding of financial assistance.

APPLICANT

1. The applicant will allow inspections by the City of the property to be renovated for compliance with the Building Standards of the City.
2. The applicant will not allow any City Staff member who exercises any function of responsibility in connection with the administration of the Program, to have any interest, direct or indirect, in the proceeds of the loan, or in any contract entered into by the applicant for the performance of work financed, in whole or in part, with the proceeds of the loan.
3. In the event that the applicant fails to adhere to the conditions and restrictions contained within the Program Conditions or provides false information, the City reserves the right to terminate the individual's participation in the loan and demand full repayment of the loan.

VIII. PROGRAM PROCEDURES

1. The Program Administrator will mail application packets to homeowners requesting assistance.
2. The Program Administrator will establish a file for each applicant and determine eligibility by reviewing income and household size.
3. The Program Administrator will order the preparation of all necessary loan documents which include:
 - Promissory Note
 - Deed of Trust (real property)
 - Truth-in-Lending Statement
 - Request for Notice
 - Rescission Notice
4. If the applicant is not eligible, Program Administrator so notes disposition and notified interested applicant of finding in writing. Application is filed under Ineligible Projects.
5. The Program Administrator coordinates a site visit to document eligible improvements.
6. Energy Efficiency improvements will require an energy audit to be conducted. The Program Administrator will work with San Diego Gas & Electric to coordinate the energy audit.
7. Applicant is provided with Work Write-up to include:
 - Scope of work
 - Construction method
 - Quantity
 - Quality
 - Location
 - Work Schedule
8. The Program Administrator solicits and review bids to determine cost reasonableness and compliance with Program requirements.
9. The Program Administrator schedules and conducts the loan closing.
10. The Program Administrator schedules and conducts the pre-construction meeting at a designated location.
11. Upon completion of the loan closing, the necessary documents are sent to the appropriate recording entity.

12. The Program Administrator coordinates job site visits to verify that the progress of the work.
13. The Program Administrator processes the request for payment.
14. The Program Administrator will seek to recover any rebate or matching funds provided by any government entity and/or utility.
15. Upon completion, a Notice of Completion is delivered to the owner.

IX. PROGRAM ADMINISTRATION

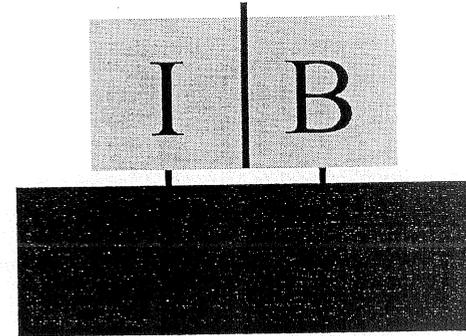
- A. The City Manager or designee will administer the Program.
- B. The City may utilize consultants in the administration of the Program; however, the City Manager shall designate a City employee to administer the day-to-day operations of this program.
- C. In the event of any disputes arising under the program, the Homeowner, contractor and any other party will submit a written letter detailing the nature of the complaint to the city Manager or designee for resolution of this dispute.

X. PROGRAM APPLICATION – Attachment A

See
attached
Staff Report/
Correspondence
from 10/23/07

11/14/07 Workshop
Item 5

City Council Workshop on the Bonding Capacity of the Imperial Beach Redevelopment Agency



*1923/07 Workshop
Item 4*

KINSELL, NEWCOMB  DE DIOS, INC.
INVESTMENT BANKING

October 23, 2007

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Introduction



- ❖ The Imperial Beach RDA needs capital for public projects
- ❖ Bonds were issued in 2003 which were “Non-Rated” and remain outstanding
- ❖ Tax increment receipts have improved substantially in the last 5 years which has significantly enhanced bonding capacity
- ❖ Improved maturity and growth of the Project Areas has improved the credit quality of the Project Areas and the RDA has the prospect of rated and insured bonds which will lower the overall funding cost

INITIAL POSITION

- ★ Original Area seasoned, Added Area in infancy
- ★ Initial bond issue for Agency was “Non-Rated”

INTERIM PERFORMANCE

- ★ Growth in Assessed Value and Tax Increment
- ★ Debt service payments increasingly well covered

CURRENT POSITION

- ★ Bonding capacity has tripled since issue in 2003
- ★ Financing eligible for “AAA” credit enhancement

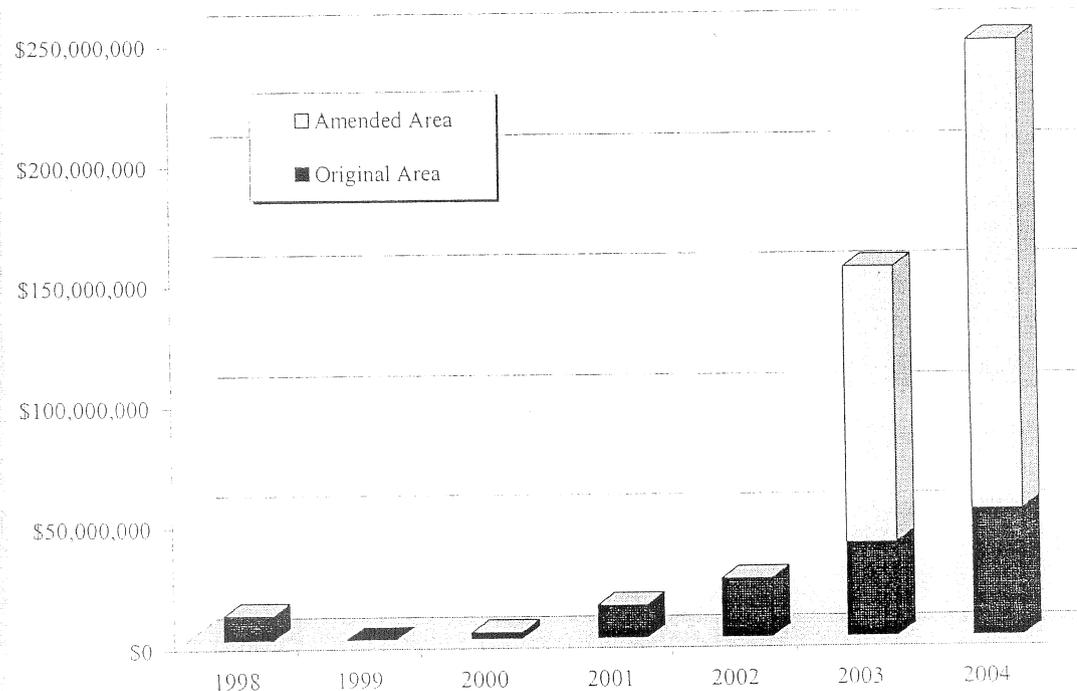
❖ RDA issued \$22.7 million in tax allocation bonds in 2003

- Housing (i.e. Low-Mod) and Non-Housing (i.e. discretionary) purposes

❖ Bonds were issued as “Non-Rated” due to credit criteria

- Original Area was under threshold size at 250 acres
- Amended Area had limited history as inaugural receipts were in fiscal year 2002/2003
- Capital raised placed the debt service coverage right at 125%

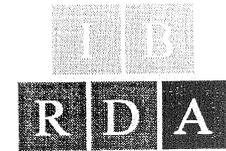
Historical Incremental Values





REVENUE PROJECTIONS

Project Area Performance

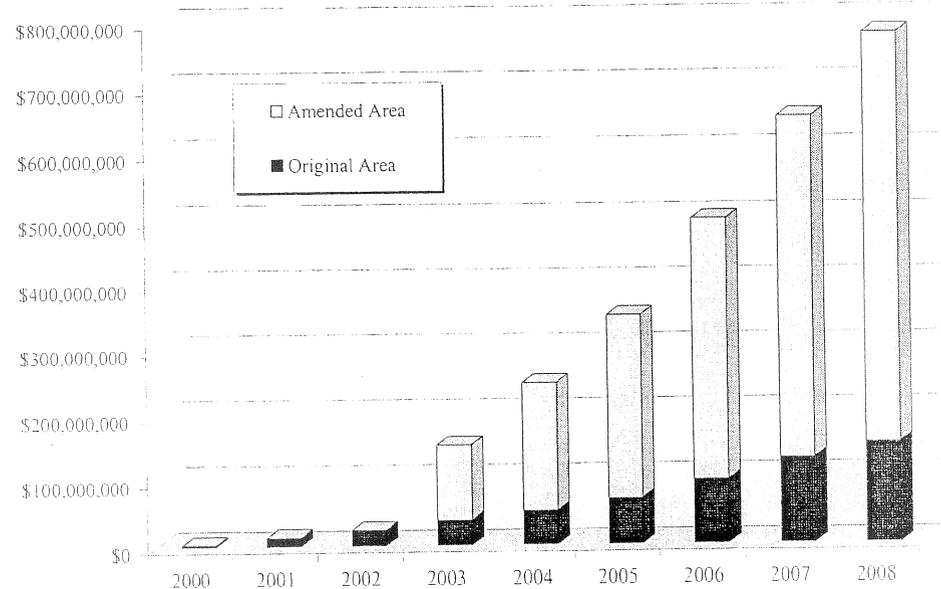


Assessed valuation and corresponding tax increment receipts have grown exponentially

Year	Housing	Non-Housing	Total	% Change
2000	\$5,305	\$15,914	\$21,218	N/A
2001	27,019	81,056	108,074	409%
2002	48,156	144,468	192,624	78%
2003*	306,276	924,259	1,230,536	539%
2004	494,114	1,496,919	1,991,032	62%
2005	701,065	2,103,202	2,804,267	41%
2006	996,741	2,990,229	3,986,970	42%
2007	1,304,027	3,912,081	5,216,108	31%
2008	1,558,160	4,635,975	6,194,135	19%

* Inaugural year of Amended Area receipts

Growth in Incremental Assessed Valuation



Capital Available



❖ **RDA issued \$22.7 million in December 2003**

- Total net proceeds were ~\$20 million

❖ **Agency has expended approximately \$8 million**

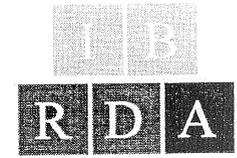
- Use of \$12 million unexpended balance is being reviewed
- Use of proceeds dictates tax status of refunding bonds

❖ **RDA is considering a \$25 million land acquisition and off-site improvements**

- Expectation is \$8 million on deposit for Non-Housing will be utilized

Approximated Usage of 2003 Bond Proceeds

	<u>Expended</u>	<u>Unexpended</u>	<u>Total</u>
Housing			
- Tax exempt	\$1,000,000	\$4,000,000	\$5,000,000
- Taxable	-	-	-
- Aggregate	\$1,000,000	\$4,000,000	\$5,000,000
Non-Housing			
- Tax exempt	\$7,000,000	-	\$7,000,000
- Taxable	-	\$8,000,000	8,000,000
- Aggregate	\$7,000,000	\$8,000,000	\$15,000,000



BONDING CAPACITY

❖ 2003 Bond proceeds on deposit, assumed spent by time of issuance

- Housing – \$4 million
- Non-Housing – \$8 million

❖ Refunding of 2003 Bonds for savings and tax compliance

- Proceeds use dictates tax status and thus savings/(loss)

❖ Credit criteria drive results

- “BBB+” stand-alone rating
- “AAA” bond insurance

❖ Post-debt service requirements must be considered

- Housing – ~\$250,000
- Non-Housing – ~\$2 million

	<u>Housing</u>	<u>Non-Housing</u>	<u>Total</u>
Par amount of bonds			
- Tax exempt	\$21,105,000	\$6,975,000	\$28,080,000
- Taxable	-	31,535,000	31,535,000
- Aggregate	<u>\$21,105,000.0</u>	<u>\$38,510,000</u>	<u>\$59,615,000</u>
Refunding savings/(loss)			
- Tax exempt	\$137,000	\$187,000	\$324,000
- Taxable	-	(1,117,000)	(1,117,000)
- Aggregate	<u>\$137,000</u>	<u>(\$930,000)</u>	<u>(\$793,000)</u>
Net new money to Agency			
- Tax Exempt	\$13,924,000	-	\$13,924,000
- Taxable	-	\$19,317,000	19,317,000
- Aggregate	<u>\$13,924,000</u>	<u>\$19,317,000</u>	<u>\$33,241,000</u>
All-Inclusive Cost (AIC)			5.98%

Post-Issue Position



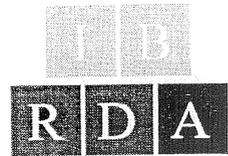
❖ Risks of repayment

- Pass-Through challenges
- Property values
- Taxpayer delinquencies

❖ Safeguards

- Debt service coverage is primary “margin of safety”
- Cash funded reserve fund
- Bond insurer assumes repayment risk
- Utilizing actual AV of 2007/2008, i.e. not growth
- Prop 13 inflator of 2%
- Pre-Prop 13 AVs

	<u>Housing</u>	<u>Non-Housing</u>
Tax revenue available		
- 2008 through 2042	\$1,558,160	\$4,635,975
- 2043 through 2047	1,251,913	3,761,609
Average debt service payable		
- 2008 through 2042	\$1,245,000	\$2,670,000
- 2043 through 2047	998,000	2,148,000
Debt service coverage - \$		
- 2008 through 2041	\$313,160	\$1,965,975
- 2042 through 2046	253,913	1,613,609
Debt service coverage - %		
- 2008 through 2041	125%	174%
- 2042 through 2046	125%	175%



TRANSACTION EXECUTION

Next Steps



❖ There are a number of steps in the issuance of tax increment bonds

- Use of proceeds
- FCR preparation
- Review of credit quality
- Presentation to rating agencies
- Credit enhancement application
- Pre-marketing

❖ Imperial Beach RDA primary concern is addressing unspent bond proceeds issue (if still applicable at issuance)

2003 BONDS

- ★ Perform review of proceeds spent to date
- ★ Address the issues associated with unspent proceeds

FINANCING TEAM

- ★ Fiscal Consultant prepares financial projections (FCR)
- ★ Nationally-recognized Bond Counsel

TIMETABLE

- ★ Process to extend use of eminent domain
- ★ Deadlines for any funding requirement (e.g. DDA)