TO: Chairperson and Members of the Stockton Redevelopment Agency

FROM: Mark Lewis, Esq., Executive Director
Stockton Redevelopment Agency

SUBJECT: RESOLUTION: DESIGNATING THE D STREET MASTER DEVELOPMENT AREA, SOUTH STOCKTON REDEVELOPMENT PROJECT AREA

RECOMMENDATION

It is recommended that the Redevelopment Agency ("Agency") adopt a resolution 1) designating parcels located south and west of the intersection of Charter Way and Mariposa Road, bordered approximately by D Street on the west, Pock Lane on the east, the approximate extension of Section Avenue on the north, and the approximate extension of Sixth Street on the south (see attached map of this geographically complex area for greater descriptive precision) as the D Street Master Development Area; and 2) directing the Executive Director to solicit proposals for development from the property owners within the affected area based on the attached Master Developer Request For Proposals.

SUMMARY

Asociacion Campesina Lazaro Cardenas, Inc. (ACLC), and Aspire Public Schools are interested in working together to develop an affordable housing project adjacent to a school project. In order for the Agency to assist such a proposed development primarily by its ability to assemble land, the Redevelopment Agency needs to follow certain procedures beginning with the designation of a geographic area as a Master Development Area ("MDA"). In addition, authority is being requested to permit the solicitation of development proposals from all property owners within the designated MDA.

DISCUSSION

Background

In July, 2002 the City Council adopted the South Stockton Redevelopment Plan (the "Plan"). Since that time, several blocks within the Plan area have been designated as MDAs, such as the Airport Way Master Development Area. MDAs are specific blocks or groups of parcels within the larger South Stockton Project Area that the Agency wants to target for new development.
RESOLUTION: DESIGNATING THE D STREET MASTER DEVELOPMENT AREA, SOUTH STOCKTON REDEVELOPMENT PROJECT AREA

June 28, 2005

The owner participation rules for the South Stockton Project Area state that the Agency may determine in its reasonable discretion (by resolution), that it is in the best interest of the Project Area that property be assembled and developed by a single developer ("a Master Developer") as a unified development. Such determination may be made at the Agency's own direction or in response to an application by a property owner to become a Master Developer.

Present Situation

The Housing and Redevelopment Department has been informed of development interest in the subject parcels. Inasmuch as the parcels contain other than Agency-owned property, under California Redevelopment Law an MDA is required to be established in order for the Agency to designate a Master Developer(s) and in order for the Agency, if necessary, to acquire property using its powers of eminent domain.

As previously stated, to achieve the Agency's goals of an integrated development, it may become necessary to acquire properties that are not currently under the control of either a master developer or the Agency. In order to perfect the Agency's rights to acquire such property if necessary, the Agency must follow the guidelines outlined in the Owner Participation Rules. These rules require several steps to insure that the current owners of the affected location are afforded the opportunity to participate in the redevelopment project. An early step in the process is the designation of an MDA.

On December 14, 2004, the Agency took the first step in the designation of an MDA by authorizing the notification of the property owners within the affected area. This notice alerted the affected property owners that the Agency proposed to designate the described area as an MDA. The property owners were properly notified. Moreover, the South Stockton Project Area Committee met on January 13, 2005, to review and subsequently approved the designation of the subject parcels as an MDA. Thus, it is now proposed that this area be officially designated as a Master Development Area.

It is further proposed that upon designation, the Executive Director of the Agency in accordance with the Owner Participation Rules, request proposals from the affected property owners. Such proposals will be due within a reasonable amount of time after mailing the Requests for Proposal. The proposal(s) will then be reviewed by the Redevelopment Commission ("Commission"). The Commission will make a recommendation to the Agency for the strongest proposal, both in terms of providing an appropriate project for the area and in terms of financial feasibility. At that point, an exclusive right to negotiate agreement will be executed, during which time a development and disposition agreement will be negotiated.
RESOLUTION: DESIGNATING THE D STREET MASTER DEVELOPMENT
AREA, SOUTH STOCKTON REDEVELOPMENT PROJECT AREA

The proposed Master Developer Request for Proposals document is attached. The following is the proposed timeline for the Master Development process:

Proposed Timeline:

2004
December 6
December 14

Redevelopment Commission
Redevelopment Agency

- Authorize 10-day advance notification of affected property
  owners regarding Master Development Area

2005
January 13
January 19
June 28

Project Area Committee
Redevelopment Commission
Redevelopment Agency

- Designate D Street Master Development Area
- Authorize Notice to property owners in Master Development
  Area requesting project proposals

July 29
Week of July 31
August 11
August 15
August 30

Project Proposals Received
Redevelopment Commission Land Committee Review
Project Area Committee
Redevelopment Commission
Redevelopment Agency

- Master Developer selected
- Commence negotiation on Disposition and Development
  Agreement

Respectfully Submitted,

MARK LEWIS, EXECUTIVE DIRECTOR
STOCKTON REDEVELOPMENT AGENCY

ML:JS:JM

Attachments

::ODMA\GRPWISE\COS.HRD.HRD_Library:63180.1
RESOLUTION AUTHORIZING THE DESIGNATION OF THE D STREET MASTER DEVELOPMENT AREA (PROPERTY GENERALLY LOCATED SOUTH AND WEST OF THE INTERSECTION OF CHARTER WAY AND MARIPOSA ROAD, BORDERED APPROXIMATELY BY D STREET ON THE WEST, POCK LANE ON THE EAST, THE APPROXIMATE EXTENSION OF SECTION AVENUE ON THE NORTH, AND THE APPROXIMATE EXTENSION OF SIXTH STREET ON THE SOUTH), SOUTH STOCKTON REDEVELOPMENT PROJECT AREA

WHEREAS, in July 2002, the City Council adopted the South Stockton Redevelopment Plan ("Plan"); and

WHEREAS, consistent with the Plan, there exists a need for the Redevelopment Agency of the City of Stockton ("Agency") to pursue the redevelopment of property within South Stockton that is generally located south and west of the intersection of Charter Way and Mariposa Road, bordered approximately by D Street on the west, Pock Lane on the east, the approximate extension of Section Avenue on the north, and the approximate extension of Sixth Street on the south in the South Stockton Redevelopment Project Area ("Project Area"); and

WHEREAS, in accordance with the Owner Participation Rules adopted for the project area, all property owners within the affected area were given no less than 10 days notice that the Agency proposes to designate the area as a master development area; and

WHEREAS, it would be appropriate for staff to commence with the steps necessary to effectuate this redevelopment; now, therefore,

BE IT RESOLVED BY THE MEMBERS OF THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON, AS FOLLOWS:

1. That the property generally located south and west of the intersection of Charter Way and Mariposa Road, bordered approximately by D Street on the west, Pock Lane on the east, the approximate extension of Section Avenue on the north, and the approximate extension of Sixth Street on the south in the South Stockton Redevelopment Project Area, as shown on the attached map marked Exhibit A, be designated as a master development area, D Street Master Development Area.

2. That the Executive Director is to solicit proposals from all property owners wishing to be considered as a master developer for the subject area.
3. That the Master Development Request for Proposals, a copy of which is on file with the Agency Secretary, establishing the criteria for selection of the master developer is hereby approved.

PASSED, APPROVED and ADOPTED ________________________.

EDWARD J. CHAVEZ, Chairperson
Redevelopment Agency
of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER
Secretary, Redevelopment Agency
of the City of Stockton
PROPOSED "D" STREET MASTER DEVELOPMENT AREA
D STREET MASTER DEVELOPMENT AREA
MASTER DEVELOPER REQUEST FOR PROPOSALS

SUMMARY

The Stockton Redevelopment Agency ("Agency") proposes to make available for development property within the South Stockton Redevelopment Project, which has been designated as the D Street Master Development Area.

GENERAL PROJECT DESCRIPTION AND PROPERTY LOCATIONS

The City is interested in the development, within the Project Area, of a community beneficial project on certain real property located south and west of the intersection of Charter Way and Mariposa Road, bordered approximately by D Street on the west, Pock Lane on the east, the approximate extension of Section Ave on the north, and the approximate extension of Sixth Street on the south. This location ("Site") is further identified in a map included in Appendix A of this document.

ROLE OF AGENCY WITH REGARD TO LAND ASSEMBLAGE

The Agency has the legal right to assemble property as required to meet the needs of the selected project. Should that occur, relocation assistance would also be provided by the Agency as required under state and federal laws.

RIGHT TO SPLIT PROJECTS

The Agency reserves the right to select more than one developer for the Site.

PROPOSAL REQUIREMENTS AND CRITERIA FOR SELECTION

Proposals must include, at a minimum:

- Project summary outlining specific uses; social benefits; phased plan, if any; ownership structure; building square footage; market demand, as applicable; and any other pertinent information. The summary should also identify the parcel(s), or parts thereof, to be acquired, if any, other properties to be included and the incorporation of any existing homes or businesses into the development;
- Identify any interested tenants, if applicable;
- Preliminary project site plan with building footprints;
- Preliminary project pro forma indicating project costs (including the cost of land acquisition) and operating cash flow;
- Demonstrated Developer experience/evidence of ability to perform on this project;
- Statement regarding means of ongoing project management;
- Names, resumés and outline of roles of project principals;
- Timelines;
- Potential sources of construction and permanent financing;
- Proposed form of participation in the project by the Agency.
FINANCING

It is expected that the primary sources of financing will be developer equity and private financing sources and/or public sources other than the City of Stockton or the City of Stockton's Redevelopment Agency. The Agency will consider assisting with the cost of property assembly, if it can be demonstrated that the cost of acquisition renders an otherwise feasible project uneconomical. However, the Agency's current financial resources are limited and revenue dedication may be limited to future benefits generated by the proposed project, if any.

OWNER AND TENANT PARTICIPATION

Owners or current tenants within the proposed Project Area who do not wish to present a proposal, but are interested in being considered for inclusion within the selected Master Developer's project, should indicate their interest by letter providing information regarding the proposed use, type of business, space and structural requirements, and other pertinent details.

SELECTION PROCESS

Proposals received by the Agency will be reviewed by the Redevelopment Commission ("Commission"). The Commission may select one or more firms/individuals for oral interviews based upon the proposal content, including, without limitation, the comprehensiveness of the proposal, projected benefits, and compatibility with the Redevelopment Plan.

When the Commission has made a final selection, it will recommend that selection to the Agency. A written agreement will be prepared for the approval of the Agency. The terms of this agreement will be the subject of negotiation.

The selected developer(s) ("Developer") shall enter into an Exclusive Right to Negotiate Agreement ("ERN") with the Agency with the goal of negotiating a Disposition and Development Agreement ("DDA").

During the ERN period Developer will provide a preliminary site plan, project elevations, development timeline, statements of experience on each development team member, and information and conclusions concerning the viability of development and construction of the Project(s) for use in determining whether to proceed with development of the Projects. Negotiation will commence regarding a DDA. The level of owner participation will be determined and property will be acquired by the Agency as necessary.
PROPOSED DATES FOR THE SELECTION PROCESS ARE AS FOLLOWS:

2005

July 29    Project Proposals Received

Week of July 31 Redevelopment Commission Land Committee Review

August 11  Project Area Committee (PAC)

August 15  Redevelopment Commission
            -Master Developer Selected
            -Authorize Negotiation on Disposition and Development Agreement

August 30  Redevelopment Agency
            -Master Developer Selected
            -Authorize Negotiation on Disposition and Development Agreement

Interested proposing parties should be available on dates yet to be determined to answer questions and make a formal presentation, if requested.

Proposals are due July 29, 2005. Upon receipt, the proposal(s) will then be reviewed and a recommendation made by the Commission to the Agency on a preferred proposal, both in terms of the proposal’s contribution to the area and its feasibility.

RIGHT OF REJECTION

The Agency reserves the right to reject any and all proposals, adjust the proposal schedule, and/or waive, at its discretion, any administrative formalities.

SUBMISSION OF PROPOSALS

Six (6) copies of your proposal, including one unbound original should be submitted to:

Jerry Scharlin
Redevelopment Manager
Housing and Redevelopment Department
City of Stockton
425 North El Dorado Street, Third floor
Stockton, CA 95202-1997

Proposals must be received no later than 10:00 a.m. on July 29, 2005. Postmarked or facsimile materials will not be accepted.

Questions may be directed to Jerry Scharlin, Redevelopment Manager, at (209) 937-8539 or Steve Pinkerton, Director, Housing and Redevelopment Department at (209) 937-8539.

Enclosures: Map and Owner Participation Rules
AMENDED RULES FOR BUSINESS TENANT PREFERENCE

AND OWNER PARTICIPATION

IN THE ALL REDEVELOPMENT PROJECT AREAS

REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON

October 1998
I. POLICY OF THE AGENCY

The California Community Redevelopment Law requires that the Redevelopment Agency of the City of Stockton (the "Agency") extend reasonable preferences to persons who are engaged in business in any redevelopment project area within the City of Stockton (a "Project Area") to re-enter in business within such Project Area if they are displaced by a redevelopment project (a "Project") and otherwise meet the requirements of the redevelopment plan applicable to such redevelopment project (a "Plan"). The Community Redevelopment Law further provides that the owners of property within any Project Area boundaries be given the reasonable opportunity to participate in the Project provided such participation is consistent with the requirements and goals and objectives of the applicable Plan.

It is the policy of the Agency to encourage the participation of property owners and businesses within each Project Area, as such participation is necessary if the redevelopment process is to be successful in revitalizing each Project Area.

The existing Plans provide, and it is anticipated that any Plan hereafter adopted by the City Council of the City of Stockton will provide, for limited acquisition of certain real property within each Project Area pursuant to the guidelines, conditions and requirements set forth in the applicable Plan. It is the policy of the Agency to minimize acquisition to the extent reasonably consistent with the goals and objectives of each Plan, and therefore the Agency's policy of encouraging participation of property owners and businesses within each Project Area shall be vigorously pursued.

To that end, the Agency has established basic rules to implement business preferences and owner participation with each Project Area.

These Amended Rules shall apply and be effective as of that date of adoption of these Amended Rules by the Agency, and shall replace any business tenant preference and owner participation rules previously adopted by the Agency for any Project Area.

II. RULES TO IMPLEMENT PREFERENCES TO DISPLACED BUSINESSES

A. Names and addresses of all businesses that are displaced by Agency activities within any Project Area ("Displaced Businesses") will be maintained by the Agency to assist redevelopers in tenant selection for space within such Project Area.

B. All documents for land disposition, loan or other Agency assistance for new or rehabilitated commercial developments in a Project Area shall contain a provision indicating the Agency's preference for Displaced Businesses and shall require the redeveloper to extend reasonable preferences to Displaced Businesses which desire to remain in or return to such Project Area, provided that the Displaced Business conforms to the requirements of the applicable Plan.

C. At such time as third party redevelopers are in a position to seek business tenants within a Project Area, the Agency shall cause notice of such space to be
provided to all Displaced Businesses from such Project Area, and shall offer reasonable non-
financial assistance to such Displaced Businesses as may be necessary to help secure the desired
relocation, provided that the Displaced Business conforms to the requirements of the applicable
Plan.

III. RULES TO IMPLEMENT OWNER PARTICIPATION

A. Development of Multiple Parcels by Master Developer

1. The Agency may determine, in its reasonable discretion, by resolution,
that it is in the best interest of a Project Area that several parcels be assembled and developed by
a single developer (a "master developer") as a unified development. Such determination may be
made at the Agency's own direction or in response to an application by a property owner or other
person or entity to become a master developer. Any individual or other entity may apply in
writing to the Agency to become a master developer. The Agency shall give the record owners
of all affected parcels ten (10) days written notice and the opportunity to be heard by the Agency
prior to the proposed adoption of a resolution determining that several parcels are to be
assembled and developed by a master developer.

2. Upon determination that several parcels will be assembled and developed
as a unified development, the Agency shall notify the owners of all affected parcels of such
determination and shall invite the owners to submit proposals to become the master developer.
In its discretion, the Agency may also invite non-owner entities to submit proposals to become
the master developer.

3. In soliciting proposals, the Agency shall establish criteria for master
developer selection which, in the Agency's reasonable determination, are appropriate to the size,
scope, character and quality of the envisioned development. These selection criteria may include
without limitation, as appropriate: the nature and quality of the proposed development; the
financial capability of the prospective master developer; the technical and professional quality of
the prospective master developer development team, including architects, engineers, contractors,
marketing consultants and others; and the record of experience of the prospective master
developer in completing other projects of comparable size, scope and complexity.

4. The Agency shall select a master developer according to the selection
criteria established pursuant to subparagraph III.A.3 above based on the proposals submitted by
prospective master developers. In reviewing proposals that meet the minimum standards
established by the Agency for selection, the Agency shall give such preference as it deems
appropriate under the circumstances to existing owners of one or more of the parcels that will be
part of the unified development. The Agency may select a master developer for less than all of
the parcels initially designated for unified development. If, in the Agency's reasonable
determination, no proposal meets the minimum standards for selection, the Agency may reject all
proposals and take such actions as it deems appropriate to solicit additional proposals, modify its
concept for unified development of the affected parcels, or otherwise fulfill the objectives of the
Project Area Plan and these Amended Rules for such parcels.
5. Following selection of a master developer, the Agency and the master developer shall negotiate and execute, if possible, a master development agreement setting forth the rights and obligations of the Agency and the master developer with respect to the unified development of the affected parcels in accordance with the applicable Plan.

6. Once the Agency has determined that several parcels are to be assembled and developed by a master developer, it may acquire such parcels if the Agency determines such acquisition is in the interest of applicable Project. The owners of property acquired by the Agency prior to selection of a master developer shall be entitled to submit a proposal for development of the several parcels that will be assembled.

7. If a master development agreement cannot be executed within the negotiations period established by the Agency, or if, following execution, the master development agreement is subsequently terminated prior to completion of the contemplated development, the Agency may take such actions as it deems appropriate to negotiate with another qualified developer, solicit additional proposals, modify its concept for unified development of the affected parcels, or otherwise fulfill the objectives of the applicable Plan and these Amended Rules for such parcels. Such Agency actions shall not require further solicitation of proposals from or involvement of the owners of the affected parcels unless, in the Agency's sole determination, the concept for a unified development of the affected parcels is being substantially modified, in which event, the affected parcel owners (together with any non-owner entities designated by the Agency) will be entitled to submit a proposal to serve as master developer for such substantially-modified unified development in the manner provided in paragraphs A.2 through 4 above.

B. Development of Individual Parcels by Existing Owner

Provided that the Agency does not determine, in its reasonable discretion, by resolution, that it is in the best interest of the applicable Project that a particular parcel be assembled with other parcels and developed by a master developer as part of a unified development, then that parcel may be developed by its existing owner in accordance with the rules set forth below.

1. Each parcel in a Project Area shall be considered to conform to the applicable Plan unless and until the Agency has determined by resolution that such parcel does not conform to the applicable Plan. A determination of non-conformance may be made by the Agency at its own discretion or in response to a request for a determination regarding conformance by a property owner in the Project Area.

2. If the Agency determines a parcel does not conform to the applicable Plan, the owner of such parcel shall be required to enter into an owner participation agreement with the Agency pursuant to the requirements of subsection III.B.4 below.

3. If the Agency has made no determination of nonconformance with respect to a parcel, the owner of such parcel may continue ownership without an owner participation agreement subject to the limitations set forth in the following sentence. In the event (a) the
Agency makes a subsequent determination that the parcel does not conform to the applicable Plan, (b) the owner intends to construct any additional improvements or substantially alter or modify existing structures on the parcel, or (c) the owner intends to acquire additional real property within such Project Area, then the Agency may require such owner to enter into an owner participation agreement with the Agency pursuant to the requirements of subsection III.E.4 below.

4. If a property owner is required to enter into an owner participation agreement with the Agency pursuant to the provisions of subsections III.E.2 or III.E.3 above, the Agency shall notify the property owner in writing of such a requirement. The property owner may then become an owner participant by meeting the following requirements:

a. Each participant must agree to record or permit to be recorded on the participant's property, a declaration of restrictions ensuring use of the property in a manner consistent with the applicable Plan and the owner participation agreement for the property.

b. Within sixty (60) days of the notification described above, the owner shall meet with Agency staff to discuss necessary requirements to bring the owner's property into conformity with the applicable Plan.

c. Within ninety (90) days thereafter, the owner shall submit preliminary improvement plans and a general statement of plans for financing such improvements for review by the Agency.

d. The Agency's Executive Director may reasonably extend these time periods when it is in the best interest of the applicable Project to do so.

e. Upon acceptance of the plans described in subdivision c. above, as revised or corrected if necessary, the owner shall enter into an owner participation agreement with the Agency to assure the orderly development of the required improvement to the property.

5. If an owner who is required to enter into an owner participation agreement fails or refuses to enter into such agreement pursuant to subsection III.E.4 above, or if such owner fails to perform any of the owner's obligations under an executed agreement, the owner shall, at the sole discretion of the Agency forfeit his/her rights to participation under the applicable Plan and these Amended Rules. In addition, failure by an owner to participate as required by the applicable Plan and these Amended Rules may cause the Agency to seek any and all remedies available to achieve such participation and may subject the property to acquisition by the Agency if the Agency determines that it is in the interest of applicable Project Area to undertake such acquisition; provided, however, that the Agency may exercise its powers of eminent domain only in the circumstances and manner otherwise authorized by the applicable Plan.