

**Grand Jury Report  
RESPONSE FORM**

**RE: Report Titled: *BREAKING NEWS: BIG CHANGES COMING FOR REDEVELOPMENT AGENCIES?***

**Report Dated: June 7, 2011**

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**Response Form Submitted By:** Jane Chambers, Manager  
City of Ukiah  
300 Seminary Ave  
Ukiah, CA 95482

**Response MUST be submitted, per Penal Code §933.05, no later than: September 23, 2011**

***I have reviewed the report and submit my responses to the FINDINGS portion of the report as follows:***

- I (we) agree with the Findings numbered:  
1, 2, 3, 5, 9, 11, 12, 15, 18, 19, 23, 25, 27, 30, 31
- I (we) disagree wholly or partially with the Findings numbered below, and have **attached, as required**, a statement specifying any portion of the Finding that are disputed with an explanation of the reasons therefore.  
4, 6, 7, 8, 10, 13, 14, 16, 17, 20, 21, 22, 24, 26, 28, 29

***I have reviewed the report and submit my responses to the RECOMMENDATIONS portion of the report as follows:***

- The following Recommendation(s) have been implemented and **attached, as required**, is a summary describing the implemented actions:  
1, 2, 3, 4
- The following Recommendation(s) have not yet been implemented, but will be implemented in the future, **attached, as required** is a time frame for implementation:  
\_\_\_\_\_

- The following Recommendation(s) require further analysis, and attached as required, is an explanation and the scope and parameters of the planned analysis, and a time frame for the matter to be prepared, discussed and approved by the officer and/or director of the agency or department being investigated or reviewed: (This time frame shall not exceed six (6) months from the date of publication of the Grand Jury Report)
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- The following Recommendations will NOT be implemented because they are not warranted and/or are not deemed reasonable, attached, as required is an explanation therefore:
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*I have completed the above responses, and have attached, as required the following number of pages to this response form:*

Number of Pages attached:   4  

*I understand that responses to Grand Jury Reports are public records. They will be posted on the Grand Jury website: [www.co.mendocino.ca.us/grandjury](http://www.co.mendocino.ca.us/grandjury). The clerk of the responding agency is required to maintain a copy of the response.*

*I understand that I must submit this signed response form and any attachments as follows:*

First Step: E-mail (word documents or scanned pdf file format) to:

- The Grand Jury Foreperson at: [grandjury@co.mendocino.ca.us](mailto:grandjury@co.mendocino.ca.us)
- The Presiding Judge c/o Sally Nevarez: [sally.nevarez@mendocino.courts.ca.gov](mailto:sally.nevarez@mendocino.courts.ca.gov)
- The County's Executive Office: [angeloc@co.mendocino.ca.us](mailto:angeloc@co.mendocino.ca.us)

Second Step: Mail all originals to:

Mendocino County Grand Jury  
P.O. Box 939  
Ukiah, CA 95482

Printed Name:   JANE CHAMBERS  

Title:   CITY MANAGER  

Signed:     

Date:   9/21/11

**Grand Jury Report Titled: Big Changes Coming for Redevelopment Agencies**  
**Reported Date: June 7, 2011**

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**Finding 4:** Tax increment is the primary source of revenue for the Ukiah Redevelopment Agency.

Upon the adoption of a redevelopment plan by a redevelopment agency, the property taxes collected within the designated project area are established as a baseline (the “base year assessment roll”). When redevelopment agencies improve blighted areas, property values within those areas rise resulting in increased property tax revenues. Increases in the property taxes collected within the project area over the established baseline are known as “tax increment<sup>1</sup>.”

**Finding 6:** Blight is defined by California Redevelopment Law (Health and Safety Code §33030 and 33031). Goals and operations of agencies may be different from community to community because the blighting conditions are likely different and there are many approaches used to eliminate various forms of blight.

**Finding 7:** Blight is defined by California Redevelopment Law (Health and Safety Code §33030 and 33031).

**Finding 8:** Initial funding for the Ukiah Redevelopment Agency was advanced from the City of Ukiah, the legislative body of the community, as a loan. Tax-increment financing is another source of funds used by the Agency to develop and implement capital projects. Tax allocation bonds issued by the Agency are secured solely and directly by the pledge of tax increment from the redevelopment project area. Property tax-increment financing is based on the assumption that a revitalized project area will increase property values generating more property taxes than were being produced before redevelopment<sup>1</sup>.

**Finding 10:** Throughout its history, the Ukiah Redevelopment Agency has utilized formally appointed advisory committees and other citizen based advisory groups to assist with redevelopment programs and activities. The following list represents a sample of the public outreach coordinated by the Agency and is not a comprehensive list.

Formal committees are utilized to carry out a specific task/mission, and once the work is completed, the committees are typically eliminated in the best interest of effective and streamlined government. Some of the formally appointed committees include:

- A Project Area Committee (PAC) was formed to advise on the effective formation of a redevelopment program for Ukiah during the development and implementation of the 1989 Plan (Eliminated after formation).
- The Low and Moderate Housing Committee was created to advise on the use of housing funds and projects (Inactive).
- The Design Review Board advises and reviews the Façade Improvement Program and applications for program funds (Active).

- The Investment Oversight Committee advises on and provides oversight of the City's investments (Active).

Some of the other groups and/or citizen involvement include:

- Various project/program specific stakeholder meetings and workshops
  - Eminent Domain Stakeholder Group (advised on a proposed plan amendment to reinstitute eminent domain authority)
  - Public Workshop: *Criteria for Successful Redevelopment*, September 18, 2007
  - Public Workshop: *Redevelopment in the City of Ukiah*, November 13, 2008
  - Public Workshop: *Strategic Uses of Redevelopment Resources*, April 8, 2009
  - Public Meeting: *Redwood Business / Airport Industrial Economic Revitalization Project*, June 17, 2009
  - Public Workshop: *Envisioning Downtown Ukiah*, February 11, 2010
  - Public Workshop: *Vision to Action*, May 19, 2010
  - Public Meeting: *AB 1X 26 & 27; Discussion And Direction Regarding The State Of California's Budget Legislation Related To Redevelopment And The Ukiah Redevelopment Agency's Efforts To Protect Local Jobs And Property Tax Revenue For Local Infrastructure And Economic Development Projects*, July 6 & 20, 2011
- Ukiah Main Street Program (Active)
- Greater Ukiah Chamber of Commerce (Active)
- Economic Development Financing Corporation (Active)
- Economic Development Task Force (Active)
- Economic Development Coordination Group (Active)

In addition, the Agency typically holds two public board meetings each month to conduct business. These meetings are open to the public and input is encouraged on both agenda and non agenda items. All meetings are publicly noticed and posted on the City's website with accompanying staff reports. Furthermore, many actions that the Agency considers are governed by strict public hearing requirements under California Redevelopment Law and require additional types of notification(s).

California Redevelopment Law also requires the Agency to complete an Implementation Plan every five years. The Implementation Plan is a policy and program document that sets priorities for redevelopment and affordable housing activities within the Project Area for the corresponding period. A public hearing to solicit input is required to be held as part of the adoption process. In addition, between the second and third year after adoption, the Agency must hold a public hearing to review the plan and make amendments as necessary. Each public hearing must be noticed for an extended period of time and the plan must be available at a minimum of four public locations throughout the Project Area. The Ukiah Redevelopment Agency prints the notice in the Ukiah Daily Journal three times during the noticing period prior to the hearing and posts the plan on the City's website.

**Finding 13:** State law allows redevelopment agencies to pledge tax increment to repay debt incurred to fund redevelopment activities. A redevelopment agency may enter into a variety of different types of indebtedness including<sup>1</sup>:

- Direct bond debt – tax allocation bonds
- Repayment debt – contracts
- Reimbursement debt – obligations an agency incurs for operation, administration, and overhead
- Contingent or contractual obligations

Tax increment is the main source of funding for the Ukiah Redevelopment Agency, but other sources of funding have included proceeds from property sales/leases, interest income, and grants.

**Finding 14:** The Ukiah Redevelopment Agency (URA) pays for a percentage portion of the salaries and benefits of employees that share duties between the URA and the City of Ukiah. The Agency does not pay a disproportionate share of City salaries.

The percentage varies among personnel in accordance with the estimated time spent on duties associated with each of the respective agencies and is approved by both agencies with each fiscal year's budget. The shared resource model increases efficiency through the elimination of redundant administrative staffing and services for both agencies.

In Fiscal Year 2010/11, the URA and the City of Ukiah had only one full time staff member funded at 100% with redevelopment funds<sup>2</sup>.

**Finding 16:** In addition to the distribution of payments made by the County of Mendocino on behalf of the Ukiah Redevelopment Agency (URA), the URA also makes direct payments to agencies in accordance with the respective pass-through agreements including the County of Mendocino, Ukiah Unified School District, Mendocino County Office of Education, and Mendocino-Lake Community College District.

**Finding 17:** The Ukiah Redevelopment Agency's ability pay existing obligations and administration is not currently threatened by decreases in property tax revenues. However, State legislation redirecting property tax increment continues to be a threat.

**Finding 20:** The "Legal Description of the Project Area Boundaries" and the "Project Area Map" for the Ukiah Redevelopment Agency are incorporated in the Redevelopment Plan, adopted November 15, 1989<sup>3</sup>.

**Finding 21:** At the time the Redevelopment Plan was adopted in 1989, the Ukiah Redevelopment Agency (URA) had the power of *Eminent Domain*<sup>3</sup>. Under California Redevelopment Law, *Eminent Domain* authority is limited to 12 years from the adoption of the plan unless the time limit is extended or re-authorized by amendment. During this period, the URA did not use *Eminent Domain* to acquire property.

**Finding 22:** Blight is defined by California Redevelopment Law (Health and Safety Code §33030 and 33031). The Ukiah Redevelopment Agency defines blight in accordance with California Redevelopment Law.

**Finding 24:** The Ukiah Redevelopment Agency in Fiscal Year 2010-2011 had the full time equivalent of 6.35 staff members budgeted in regular salaries and 1,000 hours for part-time staff<sup>2</sup>.

**Finding 26:** In 2006-2007, the Ukiah Redevelopment Agency received \$4,412,995 in tax increment<sup>2</sup>.

**Finding 28:** The Fiscal Year 2010-2011 Budget projected the Ukiah Redevelopment Agency receiving \$3,991,448 in tax increment<sup>2</sup>.

**Finding 29:** Past and present projects/programs of the Ukiah Redevelopment Agency (URA) are summarized in current Five-Year Implementation Plan. With regard to housing, the Agency has an estimated production requirement of 215 affordable units over the life of the Redevelopment Plan of which 86 must be affordable units for very low-income. Through 2006, the number of affordable units that can be counted towards the URA's production requirements is 357 of which at least 111 are for very low-income<sup>4</sup>.

**Recommendation 1:** The Ukiah Redevelopment Agency has implemented a project/program code system that is utilized to track staff hours on redevelopment activities.

**Recommendation 2:** The Ukiah Redevelopment Agency has and will continue to work closely with code enforcement staff in the City of Ukiah's Planning and Community Development Department, Fire Department, and Police Department.

**Recommendation 3:** The City of Ukiah has and will continue to evaluate expenditure reduction measures and alternate revenue streams.

**Recommendation 4:** The Ukiah Redevelopment Agency has and will continue to utilize both formally appointed committees and other groups of community members for public input and in some cases oversight to ensure that the projects/programs of the Agency reflect the community needs and priorities.

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<sup>1</sup> *Redevelopment in California*, Joseph E. Coomes, Jr. et al., Solano Press Books, 2009 (Fourth) Edition.

<sup>2</sup> *City of Ukiah and Ukiah Redevelopment Agency Fiscal Year 2010-2011 Budget*, Adopted June 30, 2010 by the City of Ukiah and the Ukiah Redevelopment Agency.

<sup>3</sup> *Redevelopment Plan for the Ukiah Redevelopment Project*, Prepared by the Ukiah Redevelopment Agency, Adopted November 15, 1989.

<sup>4</sup> *Five-Year Implementation Plan for July 2007- July 2012*, Prepared by the Ukiah Redevelopment Agency, Adopted August 15, 2007 & Amended August 18, 2010.