



COUNTY OF MENDOCINO

Executive Office

CARMEL J. ANGELO
CHIEF EXECUTIVE OFFICER
CLERK OF THE BOARD

501 Low Gap Road, Room 1010
Ukiah, CA 95482-3734

Email: ceo@co.mendocino.ca.us
Website: www.co.mendocino.ca.us

Office: (707) 463-4441
Facsimile: (707) 463-5649

MEMORANDUM

DATE: September 20, 2011

TO: Board of Supervisors and Redevelopment Agency Board

FROM: Steve Dunnicliff, Deputy Chief Executive Officer

SUBJECT: Approval of Redevelopment Agency Work Plan to begin in Fiscal Year 2011-2012, Approval of County Incurring Costs in the Amount of \$ 1,300,000 to Implement Fiscal Year 2011-2012 Work Plan and Agency Reimbursement of Such Costs, and Related Actions.

I Summary

Staff has prepared a work plan, to begin in Fiscal Year 2011-2012 (the "Work Plan"), which identifies seven new projects for the Redevelopment Agency of the County of Mendocino to fund beginning in FY 2011-2012. The Work Plan, totaling \$1,300,000, is attached as Exhibit 1 to this report. Staff is seeking approval of the Work Plan from the Agency Board and authorization to proceed with the Work Plan, including authorization that the Agency Executive Director may enter into contracts to implement the Work Plan in accordance with Mendocino County Policy #1, Purchasing, Leasing & Contracting Policy.

Under California Redevelopment Law, the Agency and the County are required to make 33445 Findings (defined in Section III below) in order to fund the Public Improvement Projects (defined in Section II, below) set forth in the Work Plan. This Staff Report sets forth the factual basis for these 33445 Findings. The Agency and County must also comply with the requirements of the California Environmental Quality Act ("CEQA") in approving the funding of the projects set forth in the Work Plan, and the basis for CEQA compliance is also set forth in this Staff Report.

The Agency is additionally requesting that the County initially pay for the projects listed in the Work Plan, and enter into contracts for the implementation of the projects set forth in the Work Plan as necessary. The Agency will reimburse the County with tax increment as it becomes available so that there will be no net cost to the County. In 1999, the Board approved a "Cooperation and Repayment Agreement" between the County and the Agency (BOS No. 99-289), which is attached as Exhibit 2 to this Staff Report. The Cooperation and Repayment Agreement created a mechanism for the Agency to reimburse the County when the County pays for redevelopment activities on behalf of the Agency. The Cooperation and Repayment Agreement anticipated the addition of an "Exhibit B" wherein such reimbursable County costs would be listed as well as the date the interest would begin to accrue on the money the County used to pay the Agency costs. Accordingly on September 21, 2010, the Cooperation and Repayment Agreement was amended pursuant to Amendment No. 1 to Cooperation and Repayment Agreement

(Redevelopment Project Area 2000) (the "First Amendment") to attach an "Exhibit B" that included costs for the 2010-2011 Work Plan.

Staff is herein requesting to further amend the Agreement to attach an Exhibit B-1 ("Exhibit B-1") pursuant to an Amendment No. 2 to the Cooperation and Repayment Agreement (the "Second Amendment"). The Second Amendment specifies the short-term County costs that would be incurred for redevelopment activities beginning in Fiscal Year 2011/12, and is attached to this Staff Report as Exhibit 3 (Exhibit B-1 is attached to the Second Amendment as Attachment 1).

Staff is seeking approval from both the Agency and the County to conditionally enter into the Second Amendment due to two bills that were signed by the Governor of California in June, 2011 that would significantly modify the California Community Redevelopment Law: ABx1 26 (the "Dissolution Act") and ABx1 27 (the "Voluntary Program Act") (together, the "Redevelopment Restructuring Acts"). The Dissolution Act immediately suspends all new redevelopment activities and incurrence of indebtedness, and dissolves redevelopment agencies effective October 1, 2011, and the Voluntary Program Act allows redevelopment agencies to avoid dissolution under the Dissolution Act by opting into an alternative voluntary redevelopment program. On August 11, 2011, the California Supreme Court (the "Court") agreed to review the California Redevelopment Association and League of California Cities' petition challenging the constitutionality of the Redevelopment Restructuring Acts and issued an order granting a partial stay on specified portions of the Redevelopment Restructuring Acts, as modified on August 17, 2011 (the "Stay"), including a stay of the provisions of the Voluntary Program Act. The Agency intends to opt-in under the Voluntary Program Act and, to that end, the County Board of Supervisors passed Ordinance No. 4283 on September 13, 2011, which effectiveness is conditioned upon the lifting of the Stay. Accordingly, the Second Amendment to Cooperation and Repayment Agreement will be binding as of the date set forth therein, however the operation of its terms is conditioned upon the lifting of the Stay and the Court's determination that the Voluntary Program Act is constitutional.

II. Background

The Work Plan fulfills goals set forth in the Redevelopment Plan for the Mendocino County Redevelopment Project Area (the "Project Area") adopted on July 8, 2003, by Ordinance No. 4111 (the "Redevelopment Plan") and the Mendocino County Redevelopment Agency Five-Year Implementation Plan (2008-09 through 2012-13) adopted November 1, 2008 (the "Implementation Plan").

The Work Plan consists of two types of projects: (1) plans and studies, as set forth in Section A of the Work Plan, (the "Plans and Studies") and (2) Public Improvement Projects, as set forth in Section B of the Work Plan, (the "Public Improvement Projects").

The Agency does not currently have the funds to finance the Plans and Studies or Public Improvement Projects, and therefore desires to have the County pay for these projects with the expectation that the Agency will pay these funds back to the County with tax increment receipts. The County does not have the funds in the long-term to fund the Plans and Studies or the Public Improvement Projects, but is able to pay for these projects on a short-term basis with the

understanding, and the requirement, that the Agency will pay these funds back to the County with tax increment receipts so that there will be no ultimate net cost to the County.

The Agency has the authority to fund the Plans and Studies pursuant to Health and Safety Code Section 33131, and the authority to fund the Public Improvement Projects pursuant to Health and Safety Code Section 33445.

III. Health and Safety Code Section 33445 Findings for the Public Improvement Projects

Pursuant to Health and Safety Code Section 33445, a redevelopment agency may use tax increment money to pay for the construction costs of improvements that are publicly owned. Before a redevelopment agency may expend money for such public improvements, the following findings (the "33445 Findings") must be made with factual support: (1) the public improvements are publicly owned; (2) the public improvements are of benefit to the project by helping to eliminate blight within the project area; (3) no other reasonable means of financing such public improvements, that are publicly owned, are available to the community; and (4) funding of the public improvement is consistent with the Agency's five-year Implementation Plan. Both the Board of Supervisors and the Agency are being requested to make these findings.

The factual basis for the 33445 Findings for each of the four Public Improvement Projects is set forth below:

1. Community Core Improvements/Safe Routes to Schools (Calpella) Project:
 - a. **Facts Supporting the Finding That the Funding of the Community Core Improvements/Safe Routes to Schools (Calpella) Project is of Benefit to the Project Area.** The Community Core Improvements/Safe Routes to Schools (Calpella) Project will benefit the Project Area by improving critical streets and intersections within the Project Area and creating a safe route for pedestrians and bicycles, including a safe route to schools. The improvement of streets and roads that serve the Project Area to ensure safe vehicle, pedestrian and bicycle movements are specific goals set forth in the Redevelopment Plan.
 - b. **Facts Supporting Finding That Funding the Community Core Improvements/Safe Routes to Schools (Calpella) Project Will Assist In Eliminating One or More Blighting Conditions in the Project Area.** Having safer and more accessible streets and roads will help encourage people to utilize the commercial areas within the Project Area thereby helping to reduce economic blight. In addition, it will help increase property values in the Project Area.
 - c. **Facts Supporting Finding That Funding the Community Core Improvements/Safe Routes to Schools (Calpella) Project Is Consistent With the Agency's Implementation Plan.** Installing and/or repairing

- d. sidewalks, and continuing bike lanes are specific goals set forth in the Implementation Plan.
- e. **Facts Supporting the Finding That There Are No Other Reasonable Means of Financing the Community Core Improvements/Safe Routes to Schools (Calpella) Project.** There are no additional means available to the community, including the County and the private sector, to fund the Community Core Improvements/Safe Routes to Schools (Calpella) Project other than the proposed expenditure of the Agency's tax increment revenue out of its general tax increment funds. Because of the County's need to provide essential public health and safety services despite severe reductions in available revenue resulting from the State's redirection of County monies and the recession, the County does not have sufficient resources in the long-term to pay for these improvements, however the County does have the funds in the short-term to loan the money to the Agency on a temporary basis with the expectation that this money will be paid back with tax increment money. Further, while the Community Core Improvements/Safe Routes to Schools (Calpella) Project will benefit the neighborhood in general by eliminating a blighting condition, no private properties will be benefited to such a degree or in such a direct fashion as would allow the imposition of a property-based fee, assessment, special tax or other public exaction consistent with the applicable legal standards for such imposition set forth in Proposition 218.

2. Major Intersection Rehabilitation (N. Ukiah):

- a. **Facts Supporting the Finding That the Major Intersection Rehabilitation (N. Ukiah) is of Benefit to the Project Area.** The Major Intersection Rehabilitation (N. Ukiah) will benefit the Project Area by improving intersections throughout the Project Area, which will not only increase safety but also access to commercial areas and housing. Improving streets and roads that serve the Project Area to ensure safe vehicle, pedestrian, and bicycle movements is a stated goal in the Redevelopment Plan.
- b. **Facts Supporting Finding That Funding the Major Intersection Rehabilitation (N. Ukiah) Will Assist in Eliminating One or More Blighting Conditions in the Project Area.** Having safer and more accessible streets and roads will help encourage people to utilize the commercial areas within the Project Area thereby helping to reduce economic blight. In addition, it will help increase property values in the Project Area.
- c. **Facts Supporting Finding That Funding the Major Intersection Rehabilitation (N. Ukiah) Is Consistent With the Agency's Implementation Plan.** Improving traffic safety and circulation by repairing

and/or widening roadways and bridges, and installing traffic circles and medians are stated goals in the Implementation Plan.

- d. **Facts Supporting the Finding That There Are No Other Reasonable Means of Financing the Local Match for Intersection Improvements.** There are no additional means available to the community, including the County and the private sector, to fund the Major Intersection Rehabilitation (N. Ukiah) other than the proposed expenditure of the Agency's tax increment revenue out of its general tax increment funds. Because of the County's need to provide essential public health and safety services despite severe reductions in available revenue resulting from the State's redirection of County monies and the recession, the County does not have sufficient resources in the long-term to pay for these improvements, however the County does have the funds available on a temporary basis with the expectation that this money will be paid back by the Agency with tax increment money. Further, while the Major Intersection Rehabilitation (N. Ukiah) will benefit the neighborhood in general by eliminating a blighting condition, no private properties will be benefited to such a degree or in such a direct fashion as would allow the imposition of a property-based fee, assessment, special tax or other public exaction consistent with the applicable legal standards for such imposition set forth in Proposition 218.

3. South State Street Improvements Project:

- a. **Facts Supporting the Finding That the Funding of the South State Street Improvements Project is of Benefit to the Project Area.** The South State Street Improvements Project will benefit the Project Area by improving a primary transportation corridor in the South Ukiah subarea. The improvement of streets and roads that serve the Project Area to ensure safe vehicle, pedestrian and bicycle movements are specific goals set forth in the Redevelopment Plan.
- b. **Facts Supporting Finding That Funding the South State Street Improvements Project Will Assist in Eliminating One or More Blighting Conditions in the Project Area.** Having safer and more accessible streets and roads will help encourage people to utilize the commercial areas within the Project Area thereby helping to reduce economic blight. In addition, it will help increase property values in the Project Area.
- c. **Facts Supporting Finding That Funding the South State Street Improvements Project Is Consistent With the Agency's Implementation Plan.** Improving traffic safety and circulation by repairing and/or widening roadways and bridges, and installing traffic circles and medians are stated goals in the Implementation Plan.

- d. **Facts Supporting the Finding That There Are No Other Reasonable Means of Financing the South State Street Improvements Project.** There are no additional means available to the community, including the County and the private sector, to fund the South State Street Improvements Project other than the proposed expenditure of the Agency's tax increment revenue out of its general tax increment funds. Because of the County's need to provide essential public health and safety services despite severe reductions in available revenue resulting from the State's redirection of County monies and the recession, the County does not have sufficient resources in the long-term to pay for these improvements, however the County does have the funds on a temporary basis with the expectation that this money will be paid back with tax increment money. Further, while this project will benefit the neighborhood in general by eliminating a blighting condition, no private properties will be benefited to such a degree or in such a direct fashion as would allow the imposition of a property-based fee, assessment, special tax or other public exaction consistent with the applicable legal standards for such imposition set forth in Proposition 218.

4. Widening of Ackerman Creek Bridge (Component of the Gateway Project, N. Ukiah):

- a. **Facts Supporting the Finding That the Funding of the Widening of Ackerman Creek Bridge (N. Ukiah) is of Benefit to the Project Area.** The Widening of Ackerman Creek Bridge will benefit the Project Area by improving the safety on a primary transportation corridor, and the sole access to Mendocino College. The improvement of streets and roads that serve the Project Area to ensure safe vehicle, pedestrian and bicycle movements are specific goals set forth in the Redevelopment Plan.
- b. **Facts Supporting Finding That Funding the Widening of Ackerman Creek Bridge (N. Ukiah) Will Assist in Eliminating One or More Blighting Conditions in the Project Area.** Having safer and more accessible streets and roads will help encourage people to utilize the commercial areas within the Project Area thereby helping to reduce economic blight. In addition, it will help increase property values in the Project Area.
- c. **Facts Supporting Finding That Funding the Widening of Ackerman Creek Bridge (N. Ukiah) Is Consistent With the Agency's Implementation Plan.** Retaining existing businesses and Installing and/or repairing sidewalks, and continuing bike lanes are specific goals set forth in the Implementation Plan.
- d. **Facts Supporting the Finding That There Are No Other Reasonable Means of Financing the Widening of Ackerman Creek Bridge (N.**

Ukiah). There are no additional means available to the community, including the County and the private sector, to fund the Widening of Ackerman Creek Bridge (Gateway Project) other than the proposed expenditure of the Agency's tax increment revenue out of its general tax increment funds. Because of the County's need to provide essential public health and safety services despite severe reductions in available revenue resulting from the State's redirection of County monies and the recession, the County does not have sufficient resources in the long-term to pay for these improvements, however the County does have the funds in the short-term to loan the money to the Agency on a temporary basis with the expectation that this money will be paid back with tax increment money. Further, while the project will benefit the neighborhood in general by eliminating a blighting condition, no private properties will be benefited to such a degree or in such a direct fashion as would allow the imposition of a property-based fee, assessment, special tax or other public exaction consistent with the applicable legal standards for such imposition set forth in Proposition 218.

IV. California Environmental Quality Act ("CEQA")

1. The funding of the Plans and Studies is categorically exempt from the requirements of CEQA pursuant to 14 California Code of Regulations ("CCR") Section 15262 in that they are feasibility or planning studies for possible future actions, which have not been approved, adopted or otherwise funded by the Agency.
2. The funding of the Public Improvement Projects is conditioned upon the County completing adequate CEQA review.

V. Recommendation

1. That the Agency Board:
 - a. Approve the Work Plan and authorize the Agency Executive Director to enter into contracts as necessary to implement the Work Plan in accordance with Mendocino County Policy #1, Purchasing, Leasing & Contracting Policy;
 - b. Authorize the execution of the Amendment to the Cooperation and Repayment Agreement;
 - c. Adopt the 33445 Findings based on the factual analysis set forth in Section III, above;
 - d. Adopt the CEQA determinations set forth above and direct staff to record the applicable Notices of Exemption; and

- e. Direct that before any funds are released for Public Improvement Projects that the requisite CEQA analysis be conducted by the County.
2. That the County Board of Supervisors:
- a) Authorize the County CEO to enter into contracts to implement the Work Plan as may be necessary;
 - b) Authorize the execution of the Amendment to the Cooperation and Repayment Agreement;
 - c) Adopt the 33345 Findings based on the factual analysis set forth in Section III above;
 - d) Adopt the CEQA determinations set forth above and direct staff to record the applicable Notice of Exemptions; and
 - e) Direct that the appropriate CEQA analysis be conducted on the Public Improvement Projects before funds are released.

Exhibits to Staff Report:

Exhibit 1: Redevelopment Agency of the County of Mendocino Work Plan FY 2011-2012.

Exhibit 2: Cooperation and Repayment Agreement between the County and Agency (BOS No. 99-289) (as amended by Amendment No. 1).

Exhibit 3: Form of Amendment No. 2 to the Cooperation and Repayment Agreement.

Exhibit 1

Redevelopment Agency of the County of Mendocino Work Plan FY 2011-2012

Below is a list of redevelopment activities planned for the Redevelopment Agency of the County of Mendocino ("RDA").

A. Plans and Studies

1. Contract Grant Writing Assistance

To assist County staff in actively pursuing grant funding for approved RDA projects, authorization is requested to utilize an amount not to exceed \$20,000 for contract grant-writing assistance.

Contract Grant Writing Cost Estimate: \$20,000

County RDA Share: \$20,000

2. South State Street Environmental Analysis

Prior to the expenditure of funds necessary for right-of-way acquisition related to the South State Street improvements (item B 3 below), California Redevelopment Law requires the completion of appropriate environmental analysis. Authorization is requested to utilize an amount not to exceed \$50,000 for the completion of required environmental analysis.

Total Project Cost Estimate: \$2,190,000

County RDA Share: \$670,000 (\$220,000 previously approved, \$50,000 additional request for environmental analysis, \$400,000 additional request for right-of-way acquisition)

3. Sewer Infrastructure Expansion (N. Ukiah)

In the FY 10/11 Work Plan, funding for the construction of the Sewer Infrastructure Expansion was approved. However, the money will instead be used to fund the plans and study described below.

The Ukiah Valley Sanitation District has identified a large portion of North State Street that does not currently have access to sewer service (roughly identifiable as the N. State corridor from Ackerman Creek to Hensley Creek). Ultimately, the viability of existing businesses in this area will be constrained by the need to utilize private septic systems in an area surrounded by public sewer service. In recognition of a MCDOT prohibition on cutting newly installed roadway, the Sanitation District designed and installed Phase I infrastructure under the roadway prior to the Gateway Project improvements to N. State St. (cost of \$325,000). The completion of this project will be necessary for the provision of sewer service, and the Redevelopment Agency has an opportunity to partner with the Sanitation District in working to bring expanded sewer system access to an important commercial corridor. The RDA has

been requested to make \$20,000 available for the planning of phases II and III. It is expected that an additional request for RDA partnership will come forward at a later date to assist with necessary local match funding. *Estimated Planning Completion FY 2013-2014*

Total Project Cost Estimate: \$950,000

Current RDA Share: \$20,000 (previously approved in FY10/11 Work Plan)

B. Public Improvement Projects

1. Community Core Improvements/Safe Routes to Schools (Calpella)

The intersection of North State Street and Moore Street lies within the heart of downtown Calpella. In conjunction with a lack of basic improvements, the poor condition of existing infrastructure at this intersection combines to create a community core that is deficient in safety, function, and aesthetics. The RDA funded the Calpella Community Design Project, completed July, 2011, (Plan) to create an overarching framework to ensure individual projects are completed according to a master plan for the betterment of this community.

Currently, no safe route exists for pedestrians to access Calpella Elementary School. The RDA previously authorized the utilization of \$40,000 in funding as local match for a Safe Routes to Schools project to address this concern. With the investment of an additional \$260,000, the Mendocino County Department of Transportation (MCDOT) will pursue grant-funded implementation of the Design and Civil Engineering portions of "Package 1" as outlined in the Plan as a first priority; Design and Civil Engineering for those portions of Packages 2, 3, and 4 that lie along North State Street would be completed as additional grant opportunities arise. Additionally, MCDOT would ensure that the northern section of the North State Street/Moore Street intersection is completed as a component of Packages 5 & 6, with the remainder of Packages 5, 6 & 7 left as a lower priority.

It is expected that these improvements will occur in phases, as dictated by grant cycles, RDA budgeting, and MCDOT workload.

Total Project Cost Estimate: \$2,600,000

County RDA Share: \$300,000 (\$40,000 previously approved in FY 10/11 Work Plan, additional \$260,000 requested)

2. Major Intersection Rehabilitation (N. Ukiah)

The RDA funded completion of a Report entitled "Ukiah Crossing Intersection Rehabilitation along North State Street" which is dated July 5, 2010 (Report). This Report addresses concerns identified by MCDOT as related to the adjacent North State Street Intersections of KUKI Lane, Ford Road/Empire Drive, and the Highway 101 interchanges. The preliminarily identified concerns included poor geometrics,

constriction, and poor traffic signal timing; it was also discovered that the accident rate in this area is three times higher than the statewide average for similar facilities.

The RDA previously authorized up to \$200,000 as local match for grant-funded implementation of these projects. It has been subsequently determined that there are very few grant opportunities for these types of improvement. An additional \$250,000 is now requested, which will provide a total of \$450,000 to either fund outright or participate in the implementation of priority projects as identified in the Report.

It is expected that these improvements will occur in phases, as dictated by grant cycles, RDA budgeting and MCDOT workload.

Total Project Cost Estimates Vary, as Outlined in the Report:

\$448,000 for Traffic Signal upgrades, median improvements (Alternative 1A)

\$4,410,000 for Report's preferred alternative (2B)

County RDA Share: \$450,000 (\$200,000 previously approved in FY 10/11 Work Plan, additional \$250,000 requested)

3. South State Street Improvements

South State Street is the primary transportation corridor in the RDA's South Ukiah subarea. In the area generally between Oak Knoll Road and Plant Road, accidents that result in injuries occur on a regular basis; nearly 75% of these accidents involve vehicles attempting to make left turns. A similar problem was virtually eliminated when the MCDOT constructed a Two-Way Left Turn Lane ("TWLTL") along an adjoining stretch of South State Street in 2001. The RDA funded Plans, Specifications, and an Estimate (PSE) for comprehensive roadway improvements in this area, which would include a TWLTL, bike lanes, and may include curb and gutter improvements (the "South State Street Improvements"). Based on the PSE and preliminary California Environmental Quality Act (CEQA) analysis, it has been determined that a project will be feasible.

This major project represents a core infrastructure improvement to a primary transportation route. The next step toward construction of this project is the acquisition of land necessary for right-of-way. MCDOT has indicated that \$400,000 will be adequate for this next phase of the project.

It is expected that this acquisition will happen over several years, as dictated by RDA budgeting and MCDOT workload.

Total Project Cost Estimate: \$2,190,000

County RDA Share: \$670,000 (\$220,000 previously approved, \$400,000 additional request for right-of-way acquisition, \$50,000 additional request for environmental analysis)

4. Widening of Ackerman Creek Bridge (Component of Gateway Project)

The County of Mendocino, County RDA, Mendocino College, and the City of Ukiah RDA have worked collaboratively to combine and leverage local funds for improvements to the North State Street Corridor (known collectively as the “Gateway Project”). In return for specified improvements within the Gateway Project, Mendocino College committed \$500,000 of its share of the City of Ukiah’s RDA funds through BOS Agreement No. 08-214. In 2008, the County RDA made a separate \$500,000 commitment of funds to improve North State Street, but this was retracted because of favorable bids and the need to participate in a more time-sensitive community partnership (providing funds necessary for the completion of the Alex Rorabaugh Center’s Gymnasium). MCDOT has requested an amount not to exceed \$300,000 to augment College funds and serve as local match for grant funds necessary to widen this bridge. Completion of this project will eliminate the last narrow point on the roadway that students and faculty of Mendocino College must traverse as they walk or ride bicycles to the campus.

It is not currently possible to estimate the year this improvement will occur; this project will be dictated by grant cycles, RDA budgeting and MCDOT workload.

Total Bridge Cost Estimate: \$ 4,509,000 - \$7,109,000 (pending design requirements)

County RDA Share of Bridge Project: \$300,000

Total Gateway Project Cost Estimate: \$12,000,000

Total Gateway Project County RDA Cost: \$411,523 (\$96,523 previously approved and invested, \$15,000 for Hensley Creek Road intersection design, and additional \$300,000 for Ackerman Creek Bridge widening)

C. Plans and Studies (Previously Approved, but Not Yet Completed):

1. Infrastructure Needs Assessment

Countywide, the expansion and improvement of infrastructure is desperately needed. Within the RDA project subareas, a unique opportunity exists to address identified deficiencies. The completion of an infrastructure needs assessment will enable the RDA to prioritize and methodically address identified infrastructure inadequacies, which may include the expansion of broadband internet service within the project area. *Estimated Assessment Completion FY 2012-2013*

Assessment Cost Estimate: \$22,000

RDA Share: \$22,000

2. Hensley Creek Road Intersection Improvement Design (Component of Gateway Project)

The County of Mendocino, County RDA, Mendocino College, and the City of Ukiah RDA have worked collaboratively to combine and leverage local funds for

improvements to the North State Street Corridor (known collectively as the “Gateway Project”). In 2008, Mendocino College committed \$500,000 of its share of the City of Ukiah’s RDA funds to the Gateway Project through BOS Agreement No. 08-214 in return for specified improvements within the Project. \$15,000 was subsequently approved to finance plans, specifications, and an estimate to enhance the intersection of North State Street and Hensley Creek Road, but MCDOT was unable to complete the project as contractually specified after billing only \$2,018. MCDOT believes an amount not to exceed \$15,000 remains necessary to complete these plans; College funds are available for construction of improvements. *Estimated Design Completion FY 2012-2013*

Total Gateway Project Cost Estimate: \$12,000,000

Total Gateway Project RDA Cost: \$411,523 (\$96,523 previously approved and invested, \$15,000 for Hensley Creek Road intersection design, and additional \$300,000 for Ackerman Creek Bridge widening)

Exhibit 2

Cooperation and Repayment Agreement between the County and Agency (BOS No. 99-289) (as amended by Amendment No. 1)

99-289

COOPERATION AND REPAYMENT AGREEMENT (REDEVELOPMENT PROJECT AREA 2000)

This Cooperation and Repayment Agreement (the "Agreement") is entered into as of December 7, 1999 (the "Effective Date"), by and between the Redevelopment Agency of the County of Mendocino (the "Agency") and the County of Mendocino (the "County"), with reference to the following purpose and facts.

WITNESSETH

WHEREAS, the Agency is vested with the responsibility for formulating and carrying out necessary redevelopment projects within the County; and

WHEREAS, the County and the Agency are preparing for consideration by the Board of Supervisors (the "Board") of the County a redevelopment plan (the "Redevelopment Plan") for the proposed Redevelopment Project Area 2000 (the "Project Area"); and

WHEREAS, the Agency, which normally would be responsible for paying the costs of preparation of the Redevelopment Plan and related documents, does not itself have the funds to do so; and

WHEREAS, the Board and the Agency have determined that, in order to prepare the Redevelopment Plan and related documents for Board consideration and to fund other activities of the Agency for the Project Area until such time that tax increment revenue becomes available to the Agency to support the redevelopment program, it is necessary that the County pay redevelopment expenses and provide redevelopment services on behalf of the Agency; and

WHEREAS, it is the understanding of the Board and the Agency that the value of such County expenditures and services will be repaid by the Agency from tax increment revenue (if the Redevelopment Plan is adopted and as such revenue thereafter becomes available to the Agency) pursuant to the terms of this Agreement; and

WHEREAS, the County and the Agency are each ready and willing to assume the relationship described herein.

NOW, THEREFORE, the County and the Agency, for and in consideration of the mutual promises and agreements herein contained, agree as follows:

1. PURPOSES

The purposes of this Agreement are:

- a. To provide for reimbursement by the Agency to the County of costs and expenses incurred by the County (including the value of County staff services and payments made to third parties) prior to and following the execution of this Agreement in the organization of the Agency, the preparation of a redevelopment feasibility study, the preparation and adoption of the Redevelopment Plan, and related redevelopment planning matters (the "Plan Adoption Costs"), as more fully set forth in Section 3.
- b. To establish a mechanism for reimbursement of specified future administrative costs incurred by the County in furtherance of the redevelopment program for the proposed Project Area, as more fully set forth in Section 4.
- c. To provide a mechanism for reimbursement of specified future public works improvement costs and other redevelopment activity costs incurred by the County in furtherance of the redevelopment program for the Project Area, as more fully set forth in Section 5.

2. TERM OF AGREEMENT

This Agreement shall be in full force and effect for a period beginning as of the Effective Date and continuing until all repayment and reimbursement obligations of the Agency to the County are satisfied in full in accordance with the terms of this Agreement.

3. REIMBURSEMENT OF PLAN ADOPTION COSTS

The County has incurred or shall incur on the Agency's behalf the Plan Adoption Costs. In furtherance of preparation of the Redevelopment Plan and related documents and to properly determine the Agency's repayment obligation in connection with the Plan Adoption Costs, the County Auditor-Controller shall pay the Plan Adoption Costs from time to time and shall maintain proper accounts of such Plan Adoption Costs. The Agency shall reimburse to the County the Plan Adoption Costs with interest at the Applicable Interest Rate (as defined in Section 6), subject to the terms of Section 6. The indebtedness of the Agency to reimburse the Plan Adoption Costs shall bear interest from the later of the Effective Date or the date such Plan Adoption Costs are incurred.

4. REIMBURSEMENT OF FUTURE COUNTY ADMINISTRATIVE COSTS

The Agency agrees to reimburse the County for all administrative costs incurred by the County prior to and after the execution of this Agreement in furtherance of the redevelopment program for the Project Area (the "County Administrative Costs"). County Administrative Costs may include, but are not limited to, costs to the County for consulting services, legal services, the value of County staff time, and other related administrative expenses, but shall exclude the Plan Adoption Costs which are separately addressed in Section 3 above. The County Auditor-Controller shall, at the end of each fiscal year, set forth in a schedule to be attached to this Agreement as Exhibit A the amount of such County Administrative Costs incurred by the County for the applicable fiscal year. The Agency shall thereupon become indebted to reimburse the County for such County Administrative Costs. This debt shall bear interest at the Applicable Interest Rate (defined in Section 6) beginning on June 30 of the applicable fiscal year, and shall be repayable as provided in Section 6.

5. REIMBURSEMENT TO COUNTY FOR PUBLIC IMPROVEMENTS AND OTHER REDEVELOPMENT ACTIVITIES

If the Board and the Agency so authorize by resolution, the County may incur costs for public improvements and other redevelopment activities (in addition to the Plan Adoption Costs and the County Administrative Costs) in the Project Area on behalf of the Agency. These costs shall become a debt of the Agency and shall be set forth in as Exhibit B, which shall be attached to this Agreement and made a part hereof as if fully set forth herein. These costs shall bear interest at the Applicable Interest Rate (defined in Section 6), and shall be repayable as provided in Section 6. Such Exhibit B shall specify the date from which the Agency's reimbursement obligation to the County for a particular public improvement cost or other redevelopment activity cost shall begin to bear interest.

6. REPAYMENT TERMS: SUBORDINATION

Each repayment or reimbursement obligation of the Agency pursuant to this Agreement shall bear interest at the lesser of (a) the rate that is the Local Agency Investment Fund rate at the time of initial incurrence of the applicable repayment or reimbursement obligation, or (b) the maximum rate permitted by law (the "Applicable Interest Rate"). Each such repayment or reimbursement obligation and interest thereon shall be repayable solely from tax increment revenue, if any, received by the Agency from the Project Area. It is understood that if the Board, in the exercise of its policy judgment, does not adopt the Redevelopment Plan or if tax increment revenue from the Project Area fails to yield sufficient revenue to pay the repayment or reimbursement obligations of the Agency under this Agreement and interest thereon, the Agency is under no obligation to make such repayment or reimbursement to the extent tax increment revenue is insufficient.

It is agreed by the parties hereto that all repayments and reimbursements to the County pursuant to this Agreement are hereby subordinated to any and all payments necessary to satisfy

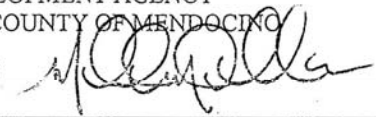
the Agency's obligations in connection with any existing or future bonded indebtedness or obligation which may be incurred by the Agency for the benefit of the redevelopment program or to the extent necessary for any bonded indebtedness for which the Agency has pledged as a security or source of repayment tax increment generated within the Project Area.

7. VALIDITY OF AGREEMENT

If any provisions of this Agreement, or the application thereof to any person, party, transaction, or circumstance, is held invalid, the remainder of this Agreement, or the application of such provision to other persons, parties, transactions or circumstances, shall not be affected thereby.

IN WITNESS WHEREOF, the County and the Agency have executed this Agreement as of the Effective Date.

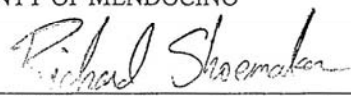
REDEVELOPMENT AGENCY
OF THE COUNTY OF MENDOCINO

By: 
CHAIRMAN, Redevelopment Agency

ATTEST:

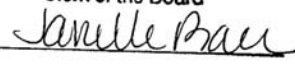

Agency Secretary

COUNTY OF MENDOCINO

By: 
CHAIRMAN, Board of Supervisors
I hereby certify that according to the
provisions of Government Code
Section 25103, delivery of this
document has been made.


ATTEST:


Clerk of the Board

KRISTI FURMAN
Clerk of the Board
By: 

APPROVED BY TO FORM:

OFFICE OF THE COUNTY

Clerk of the Board


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4

**AMENDMENT NO. 1 TO COOPERATION AND REPAYMENT AGREEMENT
(REDEVELOPMENT PROJECT AREA 2000)**

This Amendment No. 1 to Cooperation and Repayment Agreement (Redevelopment Project Area 2000) (the "Amendment") is entered into between the Redevelopment Agency of the County of Mendocino (the "Agency") and the County of Mendocino (the "County") as of September 21, 2010 (the "Effective Date").

RECITALS

1. County and Agency have entered into that certain Cooperation and Repayment Agreement (Redevelopment Project Area 2000) (the "Agreement") dated December 14, 1999.
2. Among other purposes, the Agreement provides in Section 1. c. that one of the purposes of the Agreement is to "provide a mechanism for reimbursement of specified future public works improvement costs and other redevelopment activity costs incurred by the County in furtherance of the redevelopment program for the Project Area"
3. In Section 5, the Agreement provides as follows:

"If the Board and the Agency so authorize by resolution, the County may incur costs for public improvements and other redevelopment activities ... in the Project Area on behalf of the Agency. These costs shall become a debt of the Agency and shall be set forth in as [sic] Exhibit B, which shall be attached to this Agreement and made a part hereof as if fully set forth herein. These costs shall bear interest at the Applicable Interest Rate (defined in Section 6), and shall be repayable as provided in Section 6. Such Exhibit B shall specify the date from which the Agency's reimbursement obligation to the County for a particular public improvement cost or other redevelopment activity cost shall begin to bear interest."
4. Following the authorized procedure, the parties are hereby attaching Exhibit B to the Cooperation and Repayment Agreement (Redevelopment Project Area 2000) ("Exhibit B") (currently, there is no Exhibit A to the Agreement). Exhibit B is attached to this Amendment as Attachment 1.
5. Attachment 2 to this Amendment, the Redevelopment Agency of the County of Mendocino Work Plan FY 2010-2011 (the "Work Plan"), provides greater detail about the scope of the projects listed as costs in Exhibit B.
6. The Work Plan consists of two types of projects: (1) plans and studies (as set forth in Section A, numbers 1-5, of the Work Plan (the "Plans and Studies")) and (2) public improvement projects, namely: the Safe Routes to Schools (Calpella) Project, Grace Hudson Elementary School Pedestrian Safety Improvements (S. Ukiah), Sewer Infrastructure Expansion (N. Ukiah), and Local Match for Intersection Improvements (as set forth in Section B, numbers 1-4, of the Work Plan (the "Public Improvement Projects")).

7. In entering into this Amendment, the Agency and County have complied, or will comply, with the requirements of the California Environmental Quality Act ("CEQA") in that the Plans and Studies are exempt from CEQA pursuant to 14 California Code of Regulations ("CCR") Section 15301(f), the Safe Routes to Schools (Calpella) Project is exempt from CEQA pursuant to CCR Sections 15304(h) and 15301(f) and the Grace Hudson Elementary School Pedestrian Safety Improvements project is exempt from CEQA pursuant to CCR Section 15301(f). Prior to, and as a condition of, funding the Sewer Expansion Project and the Major Intersection Improvements Project, the appropriate CEQA review will be conducted and these projects will be brought back before the Agency board for funding approval.

NOW THEREFORE, the Parties agree that:

1. The purpose of this Amendment is to obligate the County to pay on the Agency's behalf the costs of the Plans and Studies and Public Improvement Projects set forth in Exhibit B, and to obligate the Agency to repay to the County such costs in accordance with the Agreement.

2. The Plans and Studies are permitted expenses of the Agency pursuant to Health and Safety Code Section 33131.

3. The Public Improvements are subject to, and meet the requirements of, Section 33445 of the Redevelopment Law (California Health & Safety Code Section 33445), enabling the Agency to pay all of or a part of the value of land and the cost of improvements which are publicly owned in that (1) the facilities, structures or other improvements are in the project area of the Agency and benefit the project area; (2) no other reasonable means of financing the buildings, facilities, structures or other improvements are available to the community; and (3) the payment of funds will assist in the elimination of one or more blighting conditions inside the project area and is consistent with the implementation plan adopted pursuant to California Health & Safety Code Section 33490.

4. The Agreement is hereby amended to attach Exhibit B, and Exhibit B is hereby made part of the Agreement as if set forth in full therein.

5. Upon the Agency Executive Director's request, the County shall promptly advance to the Agency, or to such other entity as the Agency specifies, the amounts required to pay for the costs of the Plans and Studies and Public Improvement Projects set forth in Exhibit B.

6. Prior to funding the Sewer Expansion Project and the Major Intersection Improvements Project the appropriate CEQA review will be conducted and these projects will be brought back before the Agency board for consideration of funding approval.

7. All terms set forth in the Agreement which are not modified by this Amendment remain in full force and effect.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

COUNTY OF MENDOCINO

REDEVELOPMENT AGENCY OF THE
COUNTY OF MENDOCINO

By: 
CHAIR, Board of Supervisors

By: 
CHAIR, Board of Directors


SEP 21 2010

Carmel J. Angelo, Clerk of said Board


By: 
Deputy

I hereby certify that according to
the provisions of Government Code
sections 25103, delivery of this
document has been made.

CARMEL J ANGELO
Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM:
JEANINE B. NADEL, County Counsel

By: 
Date: 9-14-10

INSURANCE REQUIREMENTS:
Kristin McMenomey, Risk Manager

By: 

By signing above, signatory warrants and represents that
he/she executed this Agreement in his/her
authorized capacity and that by his/her
signature on this Agreement, he/she or the
entity upon behalf of which he/she acted,
executed this Agreement.

ATTACHMENT 1

Exhibit B to the Cooperation and Repayment Agreement (Redevelopment Project Area 2000)

The County hereby agrees to incur the following costs on behalf of the Agency for the projects listed below (the "County Costs") and the Agency agrees to repay such costs in accordance with the terms of the Agreement to which this Exhibit B is attached. The County Costs shall begin to bear interest in accordance with the Agreement to which this Exhibit B is attached on the date the Amendment No. 1 to Cooperation and Repayment Agreement (Redevelopment Project Area 2000) (the "Amendment") is executed. For a more detailed explanation of the projects listed below, see Attachment 2 to this Amendment entitled the Redevelopment Agency of the County of Mendocino 2010/11 Work Plan.

A. PROJECTS (PLANS AND STUDIES)	COUNTY COSTS
1. Infrastructure Needs Assessment	\$22,000
2. Gateway Project Design Component (N. Ukiah)	\$15,000
3. Community Core Improvement Design (Calpella)	\$40,000
4. Major Intersection Rehabilitation Design (N. Ukiah)	\$65,000
5. South State Street Improvements Feasibility Study	\$220,000
 B. PROJECTS (PUBLIC IMPROVEMENTS)	 COUNTY COSTS
1. Safe Routes to Schools (Calpella)	\$40,000
2. Grace Hudson Elementary School Pedestrian Safety	\$40,000
3. Improvements (S. Ukiah) Sewer Infrastructure Expansion (N. Ukiah)	\$20,000
4. Local Match for Intersection Improvements	\$200,000
 TOTAL COUNTY COSTS	 \$662,000

ATTACHMENT 2

Redevelopment Agency of the County of Mendocino Work Plan to Begin FY 2010-2011

A. Plans and Studies:

1. Infrastructure Needs Assessment

Countywide, the expansion and improvement of infrastructure is desperately needed. Within the RDA project subareas, a unique opportunity exists to address identified deficiencies. The completion of an infrastructure needs assessment will enable the RDA to prioritize and methodically address identified infrastructure inadequacies, which may include the expansion of broadband internet service within the project area. *Estimated Assessment Completion FY 2010-2011*

Assessment Cost Estimate: \$22,000

RDA Share: \$22,000

2. Gateway Project Design Component (N. Ukiah)

The County of Mendocino, RDA, and City of Ukiah Redevelopment Agency have worked collaboratively with Mendocino College to provide local funds for improvements to the North State Street corridor (known as the "Gateway Project"). Gateway Project funds for the design of contractually required intersection improvements at Hensley Creek Road (BOS Agreement No. 08-214) were diverted last year, as the County RDA worked to ensure funds were available for the Alex Rorabaugh Center's Gymnasium. Once plans, specifications, and an estimate (PSE) are completed, College funds will be available for the construction of improvements in this next phase of the project. *Estimated Design Completion FY 2010-2011*

Total Project Cost Estimate: \$12,000,000

Intersection Improvement Design Estimate: \$15,000

RDA Share for Intersection Improvement Design: \$15,000

3. Community Core Improvement Design (Calpella)

The intersection of North State Street and Moore Street lies within the core of downtown Calpella. In conjunction with the lack of basic improvements, the poor condition of existing infrastructure at this intersection combines to create a community core that is deficient in safety, function, and aesthetics. Adjoining projects, which include proposed improvements to the Moore St. Bridge and the Safe Routes to Schools (Calpella) Project outlined in Section B below, create a unique opportunity to mitigate the cost of comprehensive intersection improvements if plans, specifications, and an estimate (PSE) have been created in conjunction with environmental work and design surveying. This work will also enable

the pursuit of grants to fund the completion of this project. *Estimated Design Completion FY 2010-2011*

Total Design Cost Estimate: \$40,000
RDA Share: \$40,000

4. Major Intersection Rehabilitation Design (N. Ukiah)

MCDOT has identified concerns within the adjacent North State Street Intersections of KUKI Lane and Ford Road/Empire Drive that include poor geometrics, constriction, and poor traffic signal timing. Coordinated design of necessary improvements will allow comprehensive interconnection of the traffic signals, minimizing congestion. Plans, specifications, and an estimate (PSE) and design surveying will enable the pursuit of grants to fund the completion of this project. *Estimated Design Completion FY 2010-2011*

Total Design Cost Estimate: \$65,000
RDA Share: \$65,000
Projected Cost Estimate: Unknown

5. South State Street Improvements Feasibility/Planning Studies

South State Street is the primary transportation corridor in the RDA's South Ukiah subarea. In the area generally between Oak Knoll Road and Plant Road, accidents that result in injuries occur on a regular basis. Nearly 75% of these accidents involve vehicles attempting to make left turns. A similar problem was virtually eliminated when the Mendocino County Department of Transportation (MCDOT) constructed a Two-Way Left Turn Lane ("TWLTL") along an adjoining stretch of South State Street in 2001. The RDA may have an opportunity to partner with the MCDOT and pursue comprehensive roadway improvements in this area, which would include a TWLTL, bike lanes, and may include curb and gutter improvements (the "South State Street Improvements"). A \$220,000 RDA investment at this time will fund the preparation of: Plans, Specifications, and an Estimate (PSE) to determine if the South State Street Improvements are feasible; the environmental analysis necessary to comply with the California Environmental Quality Act (CEQA); and preliminary right-of-way engineering. This \$220,000 used for feasibility and planning studies will qualify as local match money for future grant funds that will be sought for the actual construction of the South State Street Improvements. *Estimated Completion FY 2010-2011*

Total Project Cost Estimate: \$220,000
Total Design Cost Estimate: \$220,000
RDA Share: \$220,000

B. Public Improvement Projects

1. Safe Routes to Schools Project (Calpella)

Currently, no safe route exists for pedestrians to access Calpella Elementary School. Staff has identified an opportunity for the RDA to partner with the Mendocino County Department of Transportation (MCDOT) in the construction of approximately .3 miles of continuous pedestrian walkway and bike lanes to supplement the existing intermittent walkways, and provide safe pedestrian access to the school from nearby residential and commercial areas. 90% of this project cost will be grant funded. *Estimated Completion FY 2011-2012*

Total Project Cost Estimate: \$400,000
RDA Share: \$40,000

2. Grace Hudson Elementary School Pedestrian Safety Improvements (S. Ukiah)

MCDOT is working to improve pedestrian safety near the Grace Hudson Elementary School through the construction of bulbouts as a traffic calming measures. Staff has identified an opportunity to complement this MCDOT effort through the installation of button activated pedestrian warning lights and active school zone signs. *Estimated Completion FY 2012-2013*

Total Project Cost Estimate: \$240,000
RDA Share: \$40,000

3. Sewer Infrastructure Expansion (N. Ukiah)

The Ukiah Valley Sanitation District has identified a large portion of North State Street that does not currently have access to sewer service (roughly identifiable as the N. State corridor from Ackerman Creek to Hensley Creek). Ultimately, the viability of existing businesses in this area will be constrained by the necessity to utilize private septic systems in an area surrounded by public sewer service. In recognition of a MCDOT prohibition on cutting newly installed roadway, the Sanitation District designed and installed Phase I infrastructure under the roadway prior to the Gateway Project improvements to N. State St. (cost of \$325,000) The completion of this project will be necessary for the provision of sewer service, and the Redevelopment Agency has an opportunity to partner with the Sanitation District in working to bring expanded sewer system access to an important commercial corridor. The RDA has been requested to make \$20,000 available for the planning and implementation of phases II and III. It is expected that an additional request for RDA partnership will come forward at a later date to assist with necessary local match funding. *Estimated Project Completion FY 2012-2013*

Total Project Cost Estimate: \$950,000
Current RDA Share: \$20,000

4. Local Match for Intersection Improvements

This work plan provides funding for design of major intersection improvements. It is recommended that up to \$200,000 is reserved as local match for grant funded implementation of these projects.

Total Project Cost Estimate: Unknown
RDA Share: \$200,000

Exhibit 3

Form of Amendment No. 2 to the Cooperation and Repayment Agreement

AMENDMENT NO. 2 TO COOPERATION AND REPAYMENT AGREEMENT (REDEVELOPMENT PROJECT AREA 2000)

This Amendment No. 2 to Cooperation and Repayment Agreement (Redevelopment Project Area 2000) (the "Second Amendment") is entered into between the Redevelopment Agency of the County of Mendocino (the "Agency") and the County of Mendocino (the "County") as of September 20, 2011 (the "Effective Date"). The Agency and County may collectively be referred to as the "Parties."

RECITALS

I. County and Agency have entered into that certain Cooperation and Repayment Agreement (Redevelopment Project Area 2000) (the "Agreement") dated December 14, 1999.

II. Among other purposes, the Agreement provides in Section 1. c. that one of the purposes of the Agreement is to "provide a mechanism for reimbursement of specified future public works improvement costs and other redevelopment activity costs incurred by the County in furtherance of the redevelopment program for the Project Area"

III. In Section 5, the Agreement provides as follows:

"If the Board and the Agency so authorize by resolution, the County may incur costs for public improvements and other redevelopment activities ...in the Project Area on behalf of the Agency. These costs shall become a debt of the Agency and shall be set forth in as [sic] Exhibit B, which shall be attached to this Agreement and made a part hereof as if fully set forth herein. These costs shall bear interest at the Applicable Interest Rate (defined in Section 6), and shall be repayable as provided in Section 6. Such Exhibit B shall specify the date from which the Agency's reimbursement obligation to the County for a particular public improvement cost or other redevelopment activity cost shall begin to bear interest."

IV. Following the authorized procedure, the Parties amended the Agreement through Amendment No. 1 to Cooperation and Repayment Agreement (Redevelopment Project Area 2000) (the "First Amendment") on August 17, 2010 to attach an Exhibit B ("Exhibit B"), which specified short-term County costs for redevelopment activities to begin in Fiscal Year 2010/11. Through this Second Amendment, the Parties are hereby further amending the Agreement to attach an Exhibit B-1 ("Exhibit B-1"), which specifies the short-term County costs for redevelopment activities to begin in Fiscal Year 2011/12. Exhibit B-1 is attached to this Second Amendment as Attachment 1 and is to be attached to the Agreement after Exhibit B.

V. The Redevelopment Agency of the County of Mendocino 2011/12 Work Plan (the "Work Plan") is attached to this Second Amendment as Attachment 2 and provides greater detail about the scope of the projects listed as costs in Exhibit B-1.

VI. The Work Plan consists of two types of projects: (1) plans and studies, as set forth in Section A of the Work Plan, (the "Plans and Studies") and (2) public improvement projects, as set forth in Section B of the Work Plan, (the "Public Improvement Projects"). Section C of the Work Plan sets forth projects that were approved in the 2010/11 Work Plan, but not yet completed.

VII. In entering into this Second Amendment, the Agency and County have complied with, or will comply with, the requirements of the California Environmental Quality Act ("CEQA") in that the Plans and Studies are exempt from CEQA pursuant to 14 California Code of Regulations ("CCR") Section 15301(f) and that prior to, and as a condition of, funding the Public Improvement Projects, the appropriate CEQA review will be conducted by the County.

VIII. In June 2011, two bills were signed by the Governor of California that significantly modify the California Community Redevelopment Law: ABx1 26 (the "Dissolution Act") and ABx1 27 (the "Voluntary Program Act") (together, the "Redevelopment Restructuring Acts"). The Dissolution Act immediately suspends all new redevelopment activities and incurrence of indebtedness, and dissolves redevelopment agencies effective October 1, 2011, and the Voluntary Program Act allows redevelopment agencies to avoid dissolution under the Dissolution Act by opting into an alternative voluntary redevelopment program.

IX. On August 11, 2011, the California Supreme Court (the "Court") agreed to review the California Redevelopment Association and League of California Cities' petition challenging the constitutionality of the Redevelopment Restructuring Acts and issued an order granting a partial stay on specified portions of the Redevelopment Restructuring Acts, as modified on August 17, 2011 (the "Stay"), including a stay of the provisions of the Voluntary Program Act.

X. The Agency intends to opt-in under the Voluntary Program Act and, to that end, the County Board passed Ordinance No. 4283 on September 13, 2011, which effectiveness is conditioned upon the lifting of the Stay.

XI. Accordingly, the Parties intend that, while this Agreement will be binding upon the Parties as of the date set forth in the opening paragraph, the operation of the terms of this Agreement will be conditioned upon the lifting of the Stay and the Court's determination that the Voluntary Program Act is constitutional.

NOW THEREFORE, the Parties agree that:

The purpose of this Second Amendment is to obligate the County to pay on the Agency's behalf the costs of the projects set forth in Exhibit B-1, and to obligate the Agency to repay to the County such costs in accordance with the Agreement.

The Plans and Studies are permitted expenses of the Agency pursuant to Health and Safety Code Section 33131.

Exhibit 3.2

The Public Improvements are subject to, and meet the requirements of, Section 33445 of the Redevelopment Law (California Health & Safety Code Section 33445), enabling the Agency to pay all of or a part of the value of land and the cost of improvements which are publicly owned in that (1) the facilities, structures or other improvements are in the project area of the Agency and benefit the project area; (2) no other reasonable means of financing the buildings, facilities, structures or other improvements are available to the community; and (3) the payment of funds will assist in the elimination of one or more blighting conditions inside the project area and is consistent with the implementation plan adopted pursuant to California Health & Safety Code Section 33490.

The Agreement is hereby amended to attach Exhibit B-1, and Exhibit B-1 is hereby made part of the Agreement as if set forth in full therein.

Upon the Agency Executive Director's request, the County shall promptly advance to the Agency, or to such other entity as the Agency specifies, the amounts required to pay for the costs of the projects set forth in Exhibit B-1.

This Second Amendment shall be binding on the Parties as of the date set forth in the first paragraph of this Second Amendment. However, the operation of the terms of this Second Amendment is conditioned upon the lifting of the Stay and the Court's determination that the Voluntary Program Act is constitutional.

All terms set forth in the Agreement, as previously amended by the First Amendment, which are not modified by this Second Amendment, remain in full force and effect.

[Signatures to Follow on Next Page]

IN WITNESS WHEREOF, the Parties hereto have executed this Second Amendment as of the day and year first above written.

COUNTY OF MENDOCINO

Redevelopment Agency of the County of Mendocino

By: _____
CHAIR, Board of Supervisors

By: _____
CHAIR, Board of Directors

Carmel J. Angelo, Clerk of said Board

By _____
Deputy

APPROVED AS TO FORM:
JEANINE B. NADEL, County Counsel

By: _____

Date: _____

INSURANCE REQUIREMENTS:
Kristin McMenomey, Risk Manager

By: _____

By signing above, signatory warrants and represents that he/she executed this Agreement in his/her authorized capacity and that by his/her signature on this Agreement, he/she or the entity upon behalf of which he/she acted, executed this Agreement.

ATTACHMENT 1

Exhibit B-1 to the Cooperation and Repayment Agreement

(Redevelopment Project Area 2000)

The County hereby agrees to incur the following costs on behalf of the Agency for the projects listed below (the "County Costs") and the Agency agrees to repay such costs in accordance with the terms of the Agreement to which this Exhibit B-1 is attached. The County Costs shall begin to bear interest in accordance with the Agreement to which this Exhibit B-1 is attached on the date the Amendment No. 2 to Cooperation and Repayment Agreement (Redevelopment Project Area 2000) (the "Second Amendment") is executed. For a more detailed explanation of the projects listed below, see Attachment 2 to the Second Amendment entitled the Redevelopment Agency of the County of Mendocino FY2011/12 Work Plan.

A. PROJECTS (PLANS AND STUDIES)	COUNTY COSTS
1. Contract Grant Writing Assistance	\$20,000
2. South State Street Environmental Analysis	\$50,000
3. Sewer Infrastructure Expansion	\$20,000
B. PROJECTS (PUBLIC IMPROVEMENTS)	COUNTY COSTS
1. Community Core Improvements/Safe Routes to Schools (Calpella)	\$260,000
2. Major Intersection Rehabilitation (N. Ukiah)	\$250,000
3. South State Street Improvements	\$400,000
4. Widening of Ackerman Creek Bridge (Component of the Gateway Project)	\$300,000
TOTAL COUNTY COSTS	\$1,300,000

ATTACHMENT 2

Redevelopment Agency of the County of Mendocino FY 2011/12 Work Plan

Below is a list of redevelopment activities planned for the Redevelopment Agency of the County of Mendocino ("RDA").

A. Plans and Studies

4. Contract Grant Writing Assistance

To assist County staff in actively pursuing grant funding for approved RDA projects, authorization is requested to utilize an amount not to exceed \$20,000 for contract grant-writing assistance.

Contract Grant Writing Cost Estimate: \$20,000

County RDA Share: \$20,000

5. South State Street Environmental Analysis

Prior to the expenditure of funds necessary for right-of-way acquisition related to the South State Street improvements (item B 3 below), California Redevelopment Law requires the completion of appropriate environmental analysis. Authorization is requested to utilize an amount not to exceed \$50,000 for the completion of required environmental analysis.

Total Project Cost Estimate: \$2,190,000

County RDA Share: \$670,000 (\$220,000 previously approved, \$50,000 additional request for environmental analysis, \$400,000 additional request for right-of-way acquisition)

6. Sewer Infrastructure Expansion (N. Ukiah)

In the FY 10/11 Work Plan, funding for the construction of the Sewer Infrastructure Expansion was approved. However, the money will instead be used to fund the plans and study described below.

The Ukiah Valley Sanitation District has identified a large portion of North State Street that does not currently have access to sewer service (roughly identifiable as the N. State corridor from Ackerman Creek to Hensley Creek). Ultimately, the viability of existing businesses in this area will be constrained by the need to utilize private septic systems in an area surrounded by public sewer service. In recognition of a MCDOT prohibition on cutting newly installed roadway, the Sanitation District designed and installed Phase I infrastructure under the roadway prior to the Gateway Project improvements to N. State St. (cost of \$325,000). The completion of this project will be necessary for the provision of sewer service, and the Redevelopment Agency has an opportunity to partner with the Sanitation District in working to bring

expanded sewer system access to an important commercial corridor. The RDA has been requested to make \$20,000 available for the planning of phases II and III. It is expected that an additional request for RDA partnership will come forward at a later date to assist with necessary local match funding. *Estimated Planning Completion FY 2013-2014*

Total Project Cost Estimate: \$950,000

Current RDA Share: \$20,000 (previously approved in FY10/11 Work Plan)

B. Public Improvement Projects

5. Community Core Improvements/Safe Routes to Schools (Calpella)

The intersection of North State Street and Moore Street lies within the heart of downtown Calpella. In conjunction with a lack of basic improvements, the poor condition of existing infrastructure at this intersection combines to create a community core that is deficient in safety, function, and aesthetics. The RDA funded the Calpella Community Design Project, completed July, 2011, (Plan) to create an overarching framework to ensure individual projects are completed according to a master plan for the betterment of this community.

Currently, no safe route exists for pedestrians to access Calpella Elementary School. The RDA previously authorized the utilization of \$40,000 in funding as local match for a Safe Routes to Schools project to address this concern. With the investment of an additional \$260,000, the Mendocino County Department of Transportation (MCDOT) will pursue grant-funded implementation of the Design and Civil Engineering portions of "Package 1" as outlined in the Plan as a first priority; Design and Civil Engineering for those portions of Packages 2, 3, and 4 that lie along North State Street would be completed as additional grant opportunities arise. Additionally, MCDOT would ensure that the northern section of the North State Street/Moore Street intersection is completed as a component of Packages 5 & 6, with the remainder of Packages 5, 6 & 7 left as a lower priority.

It is expected that these improvements will occur in phases, as dictated by grant cycles, RDA budgeting, and MCDOT workload.

Total Project Cost Estimate: \$2,600,000

County RDA Share: \$300,000 (\$40,000 previously approved in FY 10/11 Work Plan, additional \$260,000 requested)

6. Major Intersection Rehabilitation (N. Ukiah)

The RDA funded completion of a Report entitled "Ukiah Crossing Intersection Rehabilitation along North State Street" which is dated July 5, 2010 (Report). This Report addresses concerns identified by MCDOT as related to the adjacent North State Street Intersections of KUKI Lane, Ford Road/Empire Drive, and the Highway

101 interchanges. The preliminarily identified concerns included poor geometrics, constriction, and poor traffic signal timing; it was also discovered that the accident rate in this area is three times higher than the statewide average for similar facilities.

The RDA previously authorized up to \$200,000 as local match for grant-funded implementation of these projects. It has been subsequently determined that there are very few grant opportunities for these types of improvement. An additional \$250,000 is now requested, which will provide a total of \$450,000 to either fund outright or participate in the implementation of priority projects as identified in the Report.

It is expected that these improvements will occur in phases, as dictated by grant cycles, RDA budgeting and MCDOT workload.

Total Project Cost Estimates Vary, as Outlined in the Report:

\$448,000 for Traffic Signal upgrades, median improvements (Alternative 1A)

\$4,410,000 for Report's preferred alternative (2B)

County RDA Share: \$450,000 (\$200,000 previously approved in FY 10/11 Work Plan, additional \$250,000 requested)

7. South State Street Improvements

South State Street is the primary transportation corridor in the RDA's South Ukiah subarea. In the area generally between Oak Knoll Road and Plant Road, accidents that result in injuries occur on a regular basis; nearly 75% of these accidents involve vehicles attempting to make left turns. A similar problem was virtually eliminated when the MCDOT constructed a Two-Way Left Turn Lane ("TWLTL") along an adjoining stretch of South State Street in 2001. The RDA funded Plans, Specifications, and an Estimate (PSE) for comprehensive roadway improvements in this area, which would include a TWLTL, bike lanes, and may include curb and gutter improvements (the "South State Street Improvements"). Based on the PSE and preliminary California Environmental Quality Act (CEQA) analysis, it has been determined that a project will be feasible.

This major project represents a core infrastructure improvement to a primary transportation route. The next step toward construction of this project is the acquisition of land necessary for right-of-way. MCDOT has indicated that \$400,000 will be adequate for this next phase of the project.

It is expected that this acquisition will happen over several years, as dictated by RDA budgeting and MCDOT workload.

Total Project Cost Estimate: \$2,190,000

County RDA Share: \$670,000 (\$220,000 previously approved, \$400,000 additional request for right-of-way acquisition, \$50,000 additional request for environmental analysis)

8. Widening of Ackerman Creek Bridge (Component of Gateway Project)

The County of Mendocino, County RDA, Mendocino College, and the City of Ukiah RDA have worked collaboratively to combine and leverage local funds for improvements to the North State Street Corridor (known collectively as the “Gateway Project”). In return for specified improvements within the Gateway Project, Mendocino College committed \$500,000 of its share of the City of Ukiah’s RDA funds through BOS Agreement No. 08-214. In 2008, the County RDA made a separate \$500,000 commitment of funds to improve North State Street, but this was retracted because of favorable bids and the need to participate in a more time-sensitive community partnership (providing funds necessary for the completion of the Alex Rorabaugh Center’s Gymnasium). MCDOT has requested an amount not to exceed \$300,000 to augment College funds and serve as local match for grant funds necessary to widen this bridge. Completion of this project will eliminate the last narrow point on the roadway that students and faculty of Mendocino College must traverse as they walk or ride bicycles to the campus.

It is not currently possible to estimate the year this improvement will occur; this project will be dictated by grant cycles, RDA budgeting and MCDOT workload.

Total Bridge Cost Estimate: \$ 4,509,000 - \$7,109,000 (pending design requirements)

County RDA Share of Bridge Project: \$300,000

Total Gateway Project Cost Estimate: \$12,000,000

Total Gateway Project County RDA Cost: \$411,523 (\$96,523 previously approved and invested, \$15,000 for Hensley Creek Road intersection design, and additional \$300,000 for Ackerman Creek Bridge widening)

C. Plans and Studies (Previously Approved, but Not Yet Completed):

3. Infrastructure Needs Assessment

Countywide, the expansion and improvement of infrastructure is desperately needed. Within the RDA project subareas, a unique opportunity exists to address identified deficiencies. The completion of an infrastructure needs assessment will enable the RDA to prioritize and methodically address identified infrastructure inadequacies, which may include the expansion of broadband internet service within the project area. *Estimated Assessment Completion FY 2012-2013*

Assessment Cost Estimate: \$22,000

RDA Share: \$22,000

4. Hensley Creek Road Intersection Improvement Design (Component of Gateway Project)

The County of Mendocino, County RDA, Mendocino College, and the City of Ukiah RDA have worked collaboratively to combine and leverage local funds for

improvements to the North State Street Corridor (known collectively as the “Gateway Project”). In 2008, Mendocino College committed \$500,000 of its share of the City of Ukiah’s RDA funds to the Gateway Project through BOS Agreement No. 08-214 in return for specified improvements within the Project. \$15,000 was subsequently approved to finance plans, specifications, and an estimate to enhance the intersection of North State Street and Hensley Creek Road, but MCDOT was unable to complete the project as contractually specified after billing only \$2,018. MCDOT believes an amount not to exceed \$15,000 remains necessary to complete these plans; College funds are available for construction of improvements. *Estimated Design Completion FY 2012-2013*

Total Gateway Project Cost Estimate: \$12,000,000

Total Gateway Project RDA Cost: \$411,523 (\$96,523 previously approved and invested, \$15,000 for Hensley Creek Road intersection design, and additional \$300,000 for Ackerman Creek Bridge widening)