

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

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 amended the Agreement through Amendment No. 1 to Cooperation and Repayment Agreement (Redevelopment Project Area 2000) (the "First Amendment") on September 21, 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.

5. 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.

6. 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.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

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

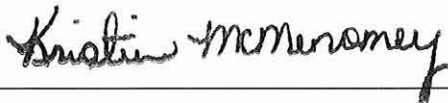
Carmel J. Angelo, Clerk of said Board

By _____
Deputy

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

By: 
Date: 9-15-11

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

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)