



ADMINISTRATIVE REPORT

DATE: JULY 9, 2010

TO: MAYOR AND CITY COUNCIL
BEN REYES, CITY ATTORNEY

FROM: BELINDA B. ESPINOSA, CITY MANAGER

PLACES TO BE

- JULY 12 – PLANNING COMMISSION MEETING

The Planning Commission will be meeting on Monday, July 12 in the City Council Chamber beginning at 7:00 PM. All members of the community are welcome to attend. The Agenda includes a review of a temporary use permit request (TUP 10-01) for seasonal sales of pumpkins and Christmas trees at 1450 Fitzgerald Drive.

- JULY 13 - ECONOMIC DEVELOPMENT AND HOUSING ADVISORY COMMITTEE

The EDHAC Committee will be meeting on Tuesday July 13 in the Community Room beginning at 7:00 PM. All members of the community are welcome to attend. The Agenda includes a review of a proposed restaurant at 2300 San Pablo Avenue.

- JULY 15 – WASTEWATER TREATMENT PLANT INFORMATIONAL MEETING

A community meeting will be held at 6PM on July 15 in the City Council Chamber to provide information regarding the Wastewater Treatment Plant. The City Council is getting very close to making a final determination on whether or not we should join the City of Hercules and transfer our wastewater to West County Sanitation District or stay at home by ourselves and continue to operate our plant. The Council is very interested in dialoguing with the public and getting feedback on what the public is thinking about this subject prior to making any decision.

The first meeting, held on Thursday July 8 was very well attended with about 18 citizens present. They went on a tour of the Plant and then afterwards a lively discussion took place between some Council members, staff and the public. The public was very appreciative of the opportunity to converse with us and is looking forward to future meetings using the same informal format.

The Environmental Impact Report on the project is completed and is scheduled for discussion and certification by the City Council their regularly scheduled meeting on July 20. This meeting starts at 7:00 PM in the Council Chamber.

ITEMS OF INTEREST

- **NEW GENERAL PLAN UPDATE PROJECT INFORMATION NOW AVAILABLE**

Hearing Drafts of the General Plan Update, Three Corridor Specific Plan, and Zoning Code Update are now available. A summary of the General Plan Update Project and each of the draft documents is available for review by following the link below:

<http://www.ci.pinoles.ca.us/planning/genplan09/>

The City has also prepared a Draft Environmental Impact Report (DEIR) to analyze the General Plan Update project's environmental impacts. The DEIR is available for review by following the link below.

http://www.ci.pinoles.ca.us/planning/genplan09/documents/Public_Documents/Combined_Final_Pinoles%20GP%20DEIR_Complete.pdf

A public hearing is scheduled for Monday, August 9, 2010 at 7:00pm in the City Council Chamber at 2131 Pear Street to provide oral comments on the DEIR.

Comments on the DEIR are due by August 20, 2010 at 5:30pm and should be sent to the attention of Planning Manager Winston Rhodes at 2131 Pear Street, Pinole, CA 94564 or via e-mail to wrhodes@ci.pinoles.ca.us.

The DEIR is also available for viewing at the City of Pinole Planning Division at the address above during regular office hours: Monday and Tuesday 7:30-11:30 am and Wednesday and Thursday 1:30-5:30pm.

- **OWNERSHIP CHANGES FOR THREE SAN PABLO AVENUE PROPERTIES**

850-870 SAN PABLO AVENUE - PINOLE SHORES BUSINESS PARK

Ownership of Pinole Shores, Phase 1 was transferred from Panattoni Development Company to River City Bank via a friendly Deed in Lieu of Foreclosure on June 30, 2010. The debt on the property far exceeded the market value, and rather than contributing a significant cash paydown to the loan, Panattoni and River City Bank agreed to the transfer.

Panattoni Development has a purchase option with the Redevelopment Agency for Phase 2. This option expires October 31, 2011, with a possible extension through October 31, 2012. It

is Panattoni's intention to actively market the property for build-to-suit uses which may not necessarily be accommodated on Phase 1. They have engaged Jeff Leenhouts and Adam Peterson of Cassidy Turley to market Phase 2.

Jeff Leenhouts and Adam Peterson are also marketing Phase 1 on behalf of River City Bank. Working with River City Bank, Panattoni felt a cohesive marketing campaign that included both the Phase 1 existing buildings along with the Phase 2 build-to-suit alternatives made the most sense, as well as having the greatest market penetration.

920 SAN PABLO AVENUE – SUNNYVIEW SAN PABLO BUSINESS PARK

In 2004 the Redevelopment Agency and Charles Vermette entered into a Disposition and Development Agreement whereby the Agency transferred its property to Charles Vermette to construct a new 2,888 square foot facility to operate his business - Ocu-Ease Optical Products. The Agency provided a 5 year loan to Charles and Joyce Vermette for the purchase and construction of the new facility.

One of the terms of the deal was that the owner could transfer ownership of the property back to the Agency in exchange for the Note, and enter into a market rate lease on the premises. The owner exercised this right in May, and the property was transferred back to the Agency. Ocu-Ease entered into a lease with the Agency to remain in the building.

The Agency terminated the note in the amount of \$991,281. The deferred interest of \$19,824 was paid, and the lease payments will be \$45,000 this year. The Agency owns the property at 920 San Pablo Avenue and, once appraised, will carry the asset on its books. The Agency plans to sell the property in the near future to recoup a portion of its costs.

2401 SAN PABLO AVENUE – FERNANDEZ CORNER

In 2002, the Redevelopment Agency and Downtown Pinole Partners entered into a Disposition and Development Agreement with a Ground Lease for the construction and development of a mixed-use commercial and residential development. The building has 7,360 square feet of commercial space on the ground floor and 24 apartments on the second and third floors. Sixteen of the units are restricted for affordable housing of low to moderate income households for 50 years.

In 2005, the Agency and Mechanics Bank both provided 5 year loans for the project. The notes were due in March of this year and both Mechanics Bank and the Agency gave 90-day extensions to allow additional time to restructure the loans. An appraisal conducted by Mechanics Bank shows that the value of the property is significantly lower than the loan balances and an independent audit conducted by the Agency indicated that due to the extended vacancy of the commercial units, there is insufficient cash flow to cover the ongoing costs of the project.

The Agency and Downtown Pinole Partners agreed to transfer the property back to the Agency. The Agency will pay off the Mechanics note in the amount of \$2.2 million dollars and will terminate the Agency debt of \$3.4 million in exchange for the property. The Agency will carry the asset on its books and plans to market and sell the property in the near future. All proceeds from the sale will be returned to the Agency.

The first two projects were part of an adopted Economic Development Strategy Plan to facilitate the development of underutilized parcels along the West San Pablo Avenue Corridor in hopes of strengthening the City's industrial base. The Pinole Shores site was a former auto wrecking yard that had been abandoned. The site had contaminated toxic soil and was an eyesore in the community. The project removed the contaminated soil and provided 60,000 square feet of new buildings for a business park. The building at the Sunnyview San Pablo Business Park was part of a development that converted an old construction storage yard into a beautiful business park. The site now contains numerous businesses providing dozens of jobs and contributing sales and property taxes back to the City.

The Fernandez Corner project was part of the Economic Development Strategy plan to reverse the effects of urban decay in our downtown by expanding local businesses, creating jobs, building affordable housing and encouraging new development.

While these transactions do present a temporary financial setback to our redevelopment efforts, it is important to remember that the overriding mission of redevelopment is to eliminate blighting conditions within our city, whether they be physical, as was the case of the contamination at Pinole Shores Business Park and the underutilization of land at Sunnyview San Pablo, or intangible, as was the case of a dying downtown with Fernandez Corner.

Redevelopment was established by State law to help communities recover and thrive. The transformation of these three properties has produced tangible results and has benefited Pinole. As the market eventually strengthens, we are confident that these projects will ultimately become successful.

- **COUNTY TAX ASSESSOR ANNOUNCES NEW ASSESSMENTS**

The latest assessment value information distributed by Contra Costa County indicates an overall decrease in property assessment values in Pinole of 1.8%, as compared to the previous tax year. For the fiscal year 2010/11 budget we had anticipated a 10% decline in property tax revenues, being a bit conservative due to the 2009/10 reduction in assessed values and the ongoing economic uncertainty.

The reported assessment value for the FY 2010-11 tax year for Pinole is \$1,781,773,783. Given that the total assessment value is about evenly split between Commercial and Residential property values, and that there is a reported increase of 2.3% within the Redevelopment Project Area, the resulting decline in residential property values is approximately 5.9% (about \$52,407,659).

Homeowners should have received reassessment letters from County Assessor Gus Kramer this week. We are hopeful that the relatively small reduction this year indicates that the bottom of the residential market seems to be firming up a bit.

- **COUNCIL CANDIDATE NOMINATION FILING PERIOD OPENS JULY 12**

The Nomination Filing period opens on July 12 and closes on August 5 at 4:30 PM. If an incumbent does not file nomination papers during that period, the Extended Nomination Period will open from Monday, August 9 - Wednesday, August 11, 2010. Candidate packets are available at the City Clerk's Office, City Hall, 2131 Pear Street, Pinole. Appointments are required and those interested should allow 30 minutes. Call [510-724-9018](tel:510-724-9018) to schedule an appointment to either receive a packet or to submit nomination documents, once you have completed the process. The Candidate Handbook is available on the City Clerk page of our website at www.ci.pinole.ca.us.

- **BART FREE MILITARY PASSES**

Active Duty Military personnel on leave from "Operation Iraqi Freedom" or "Operation Enduring Freedom" are eligible to receive a free \$50 ticket on BART. Please see the attached flyer.

- **NEW LABOR AGREEMENTS APPROVED WITH ALL FOUR BARGAINING UNITS**

On Tuesday night the City Council approved new labor agreements with all four of our employee bargaining units. Each agreement runs July 1, 2010 – June 30, 2011. All of the groups, and the unrepresented/management employees agreed to the following terms:

- No wage increases.
- Retiree medical premium contribution by the City to be based on the PERS Vesting Schedule for new hired employees. This requires an employee to work for the City for at least 5 years, and have a minimum of 10 years of total CalPERS service, before becoming eligible for any City contribution toward their retiree medical premium.
- Begin negotiations for a successor agreement by an established date. This is intended to allow additional time to negotiate. (does not impact unrepresented)

In addition, AFSCME, Local 1, Pinole Police Employees Association and unrepresented/management employees agreed to take 96 hours of unpaid work furlough again this fiscal year. International Association of Firefighters Local 1230 agreed to temporary brown-outs of the Valley Station 74 of at least 10 shifts each month during this period. There were various other items agreed upon with each bargaining unit as well, but these are the high cost savings measures.

All together the anticipated savings for fiscal year 2010/11 is \$677,366, of which \$411,687 is allocated to the General Fund. This went a long way toward closing our structural budget deficit and we really appreciate our employees help with that.

-END-

**All Active Duty Military Personnel on Leave
from “*Operation Iraqi Freedom*”
or “*Operation Enduring Freedom*”
are eligible for a FREE \$50 Transit Ticket
on the San Francisco Bay Area Rapid Transit**

As a small token of our appreciation for the tremendous sacrifices the men and women of the United States Armed Forces make to defend our freedom, we offer you this ticket to make your leave time in the San Francisco Bay Area more enjoyable by traveling on the BART system safely, comfortably and best of all, for free. Thank you for all that you do.

To claim your Free \$50 BART ticket

- Visit the Customer Services Center in person. The Center is located at the Lake Merritt BART Station
- Present your DA Form 31 or Request and Authority for Leave form and military identification card
- Call (510) 464-7136 for more information

