

CHAPTER 19 – REDEVELOPMENT

The mission of the Stockton Redevelopment Agency is to identify and facilitate the development of underutilized properties, aide in the removal of blight, and contribute to the overall quality of life of its residents by providing decent affordable housing, essential neighborhood services, and recreational opportunities.

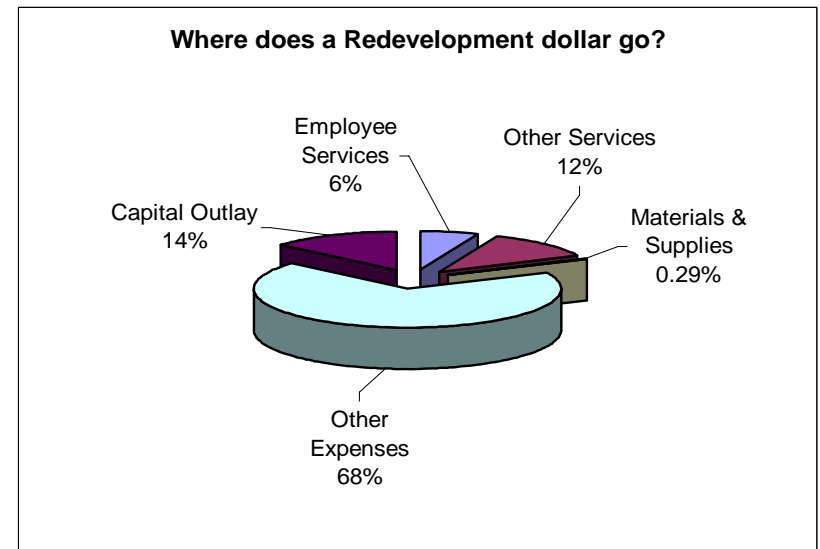
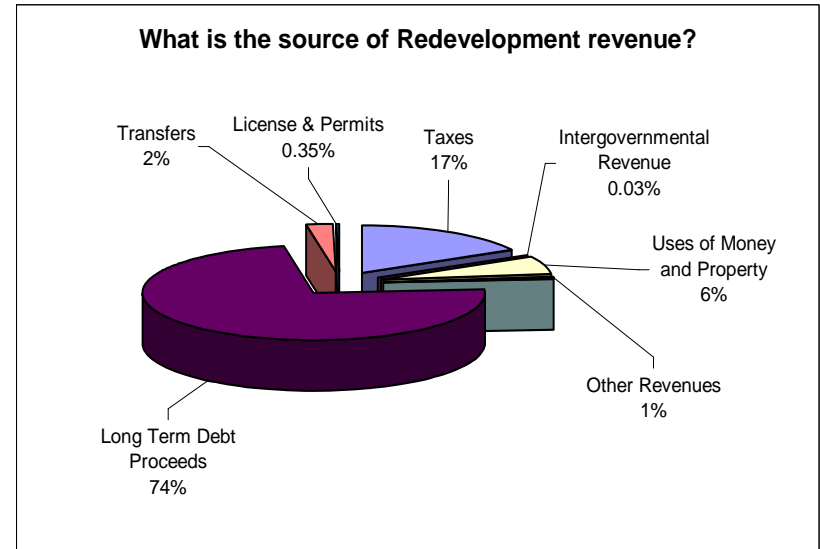
The City of Stockton Redevelopment Agency was formed in 1955. The City’s Mayor and Council members serve as the governing board for the Agency.

The Redevelopment Departments consist of three divisions:

- Redevelopment – assists the City in attracting development, reconstruction, and rehabilitation of deteriorated urban settings. Targeted areas receive focused attention and financial investment to revitalize the business climate. They provide staff support for the Redevelopment Agency and Redevelopment Commission.
- Real Property – provides real estate support services to City and Agency staff, manages acquisition of real property for various City and Agency projects, processes abandonments, and performs lease negotiations.
- Central Parking District – operated by an Advisory Board appointed by the City Council, manages parking spaces, garages, and on-street metered spaces.

The Agency is funded primarily by tax increment revenue, in addition to redevelopment bond proceeds, Community Development Block Grants, Federal Section 108 loans, and state loans and grants. The Agency also receives other income including interest income, rental income, and loan portfolio payoffs. The upper right chart indicates that the majority of revenue, 74 percent, are from proceeds of long term debt, and another 17 percent is from taxes.

The bottom right chart is a depiction of funds expended by expenditure category. In FY 2007, 14 percent was spent on capital outlay and 68 percent on other expenses.

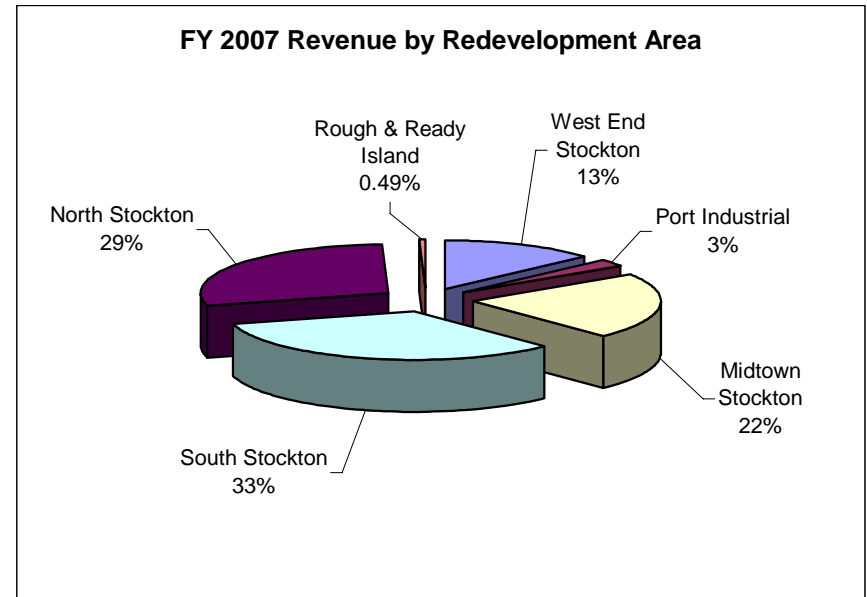


Source: FY 2007 revenue and expenditure data (Percentages do not total to 100 percent due to rounding.)

REVENUE BY REDEVELOPMENT AREA

The Redevelopment Agency has formed eight separate Redevelopment Areas, but has merged four of the smaller areas into the project areas that surround them, giving Stockton a total of six Redevelopment Project Areas:

- West End Stockton – approved in 1961 as a commercial development project, nine block area of downtown, including Weber Point and the area around McLeod Lake. Much of the recent work has focused on Stockton’s waterfront and the head of the Stockton Channel. In FY 2007, revenue amounted to 13 percent of total revenue spent on project areas, or \$3,764,889.
- Midtown Stockton – approved in July 2002 and merged with the Eastland Redevelopment Project, which was a 94 acre commercial, retail, and residential development containing the Eastland Plaza Shopping Center located on Wilson Way. The Midtown project encompasses approximately 3,500 acres and includes the area between Interstate Route 5 and State Route 99, south of Harding Way and north of the Crosstown Freeway. No specific projects are proposed at the current time. In FY 2007, revenue amounted to 22 percent of total revenue spent on project areas, or \$6,181,458.
- South Stockton – approved in July 2002 and merged with the All Nations, McKinley, and Sharps Lane Villa Project Areas. The South Stockton project encompasses 4,252 acres and includes the area between the San Joaquin River and State Route 99, south of the Crosstown Freeway and roughly north of Duck Creek. Redevelopments have included improvements to public infrastructure, construction of new single family affordable housing, and the rehabilitation of existing housing stock. No specific projects are proposed at the current time. In FY 2007, revenue amounted to 33 percent of total revenue spent on project areas, or \$9,301,223.
- Port Industrial – approved in July 2001, a 1,185 acre commercial and industrial area currently occupied by the Port of Stockton and other private users. In FY 2007, revenue amounted to three percent of total revenue spent on project areas, or \$717,483.
- North Stockton – approved in July 2004, encompasses 3,687 acres and includes the area between Interstate Route 5 and the Union Pacific Railroad right of way, south of North Bear Creek Levee Road and north of Harding Way. No specific projects are proposed at the current time. In FY 2007, revenue amounted to 29 percent of total revenue spent on project areas, or \$8,113,076.
- Rough & Ready Island – approved in July 2004 under Base Closure Provisions since it operated historically as a United States Navy supply depot. The 1,561 acre island is now under the control of the Port of Stockton. Future redevelopment projects will be proposed and developed in coordination with the Port of Stockton. The projects will be redevelopment in industrial, warehousing, and other Port related uses. In FY 2007, revenue amounted to 0.49 percent of total revenue spent on project areas, or \$139,585.



Source: FY 2007 revenue data.

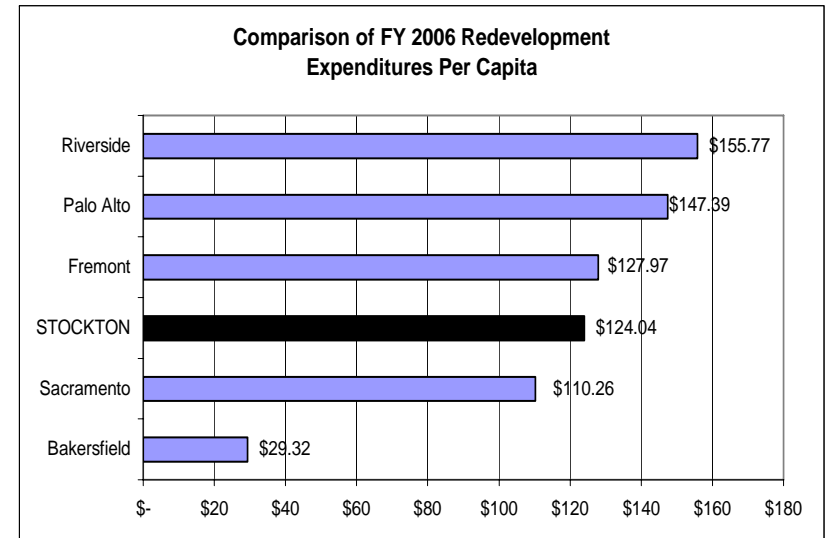
SPENDING AND STAFFING

In FY 2003 and 2004, Redevelopment was combined with the Housing Department. In FY 2005, Economic Development was added to the Housing and Redevelopment Department. In FY 2006, the City separated Housing, Redevelopment, and Economic Development into separate departments.

Overall, the Redevelopment spending increased 596 percent to \$56,308,688 in FY 2007. Per capita expenditures also increased 528 percent compared to five years ago. By division, Central Parking spending increased 156 percent and Real Property spending decreased 35 percent compared to five years ago.

Total authorized full time staffing for Redevelopment in FY 2007 was 15 positions, which represents a 56 percent increase from the previous year. At the end of the fiscal year, actual full time staffing was at 18 positions.

The chart to the right shows a comparison of FY 2006 Redevelopment expenditures per capita. In FY 2006, Stockton spent \$124.04 per capita on redevelopment, which is more than the cities of Sacramento and Bakersfield. Per capita comparisons were based solely on cities expenditures and population. We made no attempt to examine the types of services performed or cost allocation methods used by the respective cities' redevelopment departments.



Source: FY 2006 Cities' Comprehensive Annual Financial Reports and Annual Budgets¹

| | Operating Expenditures | | | | | Staffing ² |
|--------------------------|------------------------|---------------|-----------------|--------------|------------|-------------------------------|
| | Redevelopment | Real Property | Central Parking | TOTAL | Per Capita | Authorized full time staffing |
| FY 2003 | \$6,152,382 | \$106,994 | \$1,829,006 | \$8,088,382 | \$30.95 | 48 |
| FY 2004 | \$17,858,601 | \$63,168 | \$2,531,683 | \$20,453,452 | \$76.01 | 44 |
| FY 2005 | \$29,156,006 | \$64,253 | \$2,119,368 | \$31,339,627 | \$112.12 | 18 |
| FY 2006 | \$35,413,090 | \$67,680 | \$4,385,611 | \$39,866,381 | \$139.37 | 20 |
| FY 2007 | \$51,560,729 | \$69,566 | \$4,678,393 | \$56,308,688 | \$194.31 | 15 |
| Change over last 5 years | 738% | -35% | 156% | 596% | 528% | -69% |

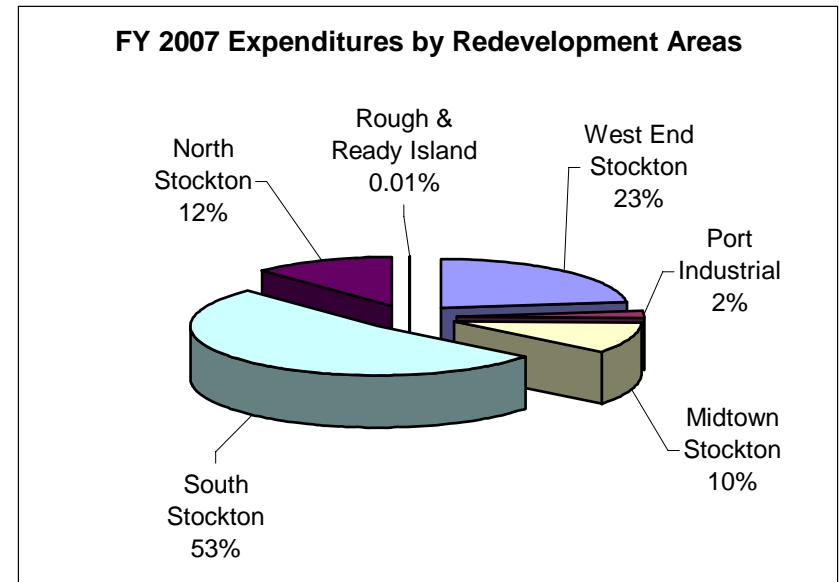
¹ The other cities listed did not include Central Parking in their Redevelopment Department; therefore Stockton's expenses relating to Central Parking was not included in FY 2006 expenditures. Department expenditures were obtained from cities' Comprehensive Annual Financial Reports. Where data was unavailable, expenditures were obtained from department's annual budgets.

² Authorized full time staffing is based on approved annual fiscal year budgets. Note in FY 2003 and 2004, authorized full time staffing included positions for Neighborhood Services which was part of Housing and combined with Redevelopment.

REDEVELOPMENT

More than half of funds expended in FY 2007 were used towards redevelopment in South Stockton, which is 53 percent or \$6,937,000. About 23 percent or \$3,053,101 was spent on West End Stockton, 12 percent or \$1,612,618 on North Stockton, ten percent or \$1,336,105 on Midtown Stockton, two percent or \$310,319 on Port Industrial, and 0.01 percent or \$1,375 on Rough & Ready Island.

Growth of tax increment has increased significantly over the last five years. This is reported as an average percent change from year to year. Master development areas have decreased 78 percent from nine to two projects. Redevelopment has increased 29 percent in assistance to commercial business, from seven to nine which is based on the number of loans approved by the City Council. Acres of Brownfield remediated increased 180 percent from three years ago, from 1.14 to 3.19 acres. This represents the number of acres of contaminated soil which now house a development project (structure).



Source: Redevelopment Agency 2007 financial statements

| | Measures | | | |
|---------------------------------------|---|---------------------------|--------------------------------|--------------------------------|
| | Growth of tax increment (percent change year to year) | Development areas adopted | Commercial businesses assisted | Acres of Brownfield remediated |
| FY 2003 | 34.74% | 9 | 7 | |
| FY 2004 | 70.34% | 0 | 7 | |
| FY 2005 | 75.45% | 2 | 13 | 1.14 |
| FY 2006 | 135.60% | 1 | 10 | 24.25 |
| FY 2007 | 48.26% | 2 | 9 | 3.19 |
| Change over last 5 years ¹ | 13.52% | -78% | 29% | 180% |

¹ Where five years of data was not available, the change was based on the first available data.

CENTRAL PARKING DISTRICT

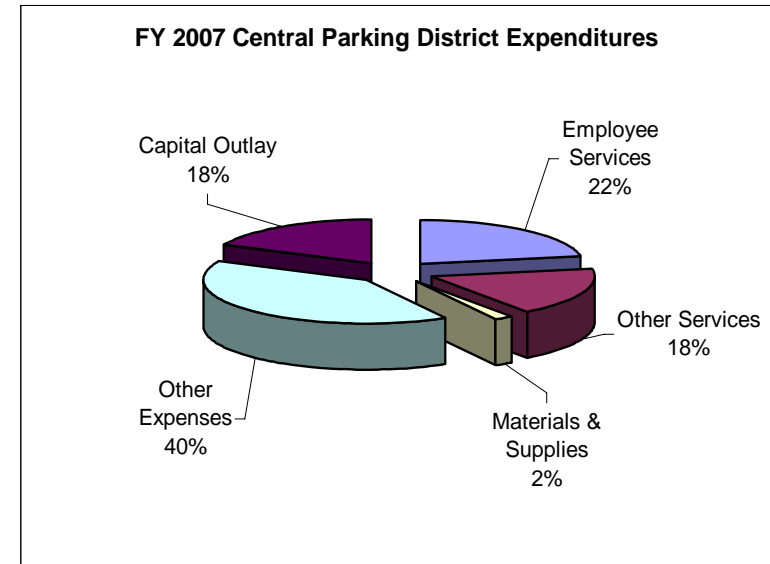
The Central Parking District (CPD) administers the City’s surface lots and parking structures in the Downtown area, including the Stewart Eberhardt Parking Structure. The CPD is operated by an Advisory Board appointed by the City Council. Capital improvements, maintenance and operating expenses of the CPD are funded by an ad valorem assessment on all property located within the District, charges for monthly and hourly parking privileges, and other income from contract agreements with other entities. The District is self sustaining and accounted for as an Enterprise Fund.

In FY 2007, Central Parking managed 5,645 parking spaces, six garages, and 16 parking lots. They also manage approximately 1,800 on-street metered spaces.

In FY 2005, two new parking garages were constructed, the Ed Coy Parking Garage and the Events Center Parking Garage. The Ed Coy Parking Garage houses 569 parking spaces with six levels of parking. The Events Center Parking Garage houses 592 parking spaces with seven levels of parking. One surface parking lot was closed in FY 2007.

Total expenditures increased 156 percent from \$1,829,006 to \$4,678,393 in FY 2007 compared to five years ago. Staffing and maintenance cost of the additional garage also contributed to the overall increase in expenditures.

Thirty-three percent of respondents rated the amount of public parking as good or excellent.



Source: FY 2007 expenditure data

| | Operating Expenditures | | | | | TOTAL | Measures | | | Citizen Survey Percent rating amount of public parking good or excellent |
|---------------------------------------|------------------------|----------------|----------------------|----------------|----------------|-------------|--------------------------|---------------------------|------------------------|--|
| | Employee Services | Other Services | Materials & Supplies | Other Expenses | Capital Outlay | | Number of parking spaces | Number of parking garages | Number of parking lots | |
| FY 2003 | \$860,013 | \$401,278 | \$36,735 | \$497,415 | \$33,565 | \$1,829,006 | | | | |
| FY 2004 | \$945,640 | \$581,708 | \$71,533 | \$603,109 | \$329,693 | \$2,531,683 | | | | |
| FY 2005 | \$945,180 | \$545,323 | \$57,207 | \$185,135 | \$386,523 | \$2,119,368 | | | | |
| FY 2006 | \$1,028,910 | \$652,553 | \$92,123 | \$1,876,806 | \$735,219 | \$4,385,611 | 5,770 | 6 | 17 | |
| FY 2007 | \$1,036,900 | \$839,341 | \$89,888 | \$1,866,376 | \$845,888 | \$4,678,393 | 5,645 | 6 | 16 | 33% |
| Change over last 5 years ¹ | 21% | 109% | 145% | 275% | 2420% | 156% | -2% | 0% | -6% | |

¹ Where five years of data was not available, the change was based on the first available data.

STRONG NEIGHBORHOOD INITIATIVE

On June 13, 2006 the Stockton City Council took a monumental step to rebuilding Stockton's neighborhoods by approving the Strong Neighborhood Initiative (SNI). This initiative includes the sale of \$114 million in revenue bonds which will be used strictly within designated Redevelopment Project Areas (Midtown Stockton, North Stockton, and South Stockton) to improve neighborhood conditions, enhance community safety, expand community services, and strengthen community partnerships. Approximately \$24.5 million will be used for low-income housing projects city-wide.

The City Council approved spending plans for each project area concurrently with the bond issuance, however each project remains obligated to the City's procurement policies and returns to Council for approval of all contract and other project specific actions. The Housing portion of the bond did not have an associated spending plan approved due to the nature of low and moderate income housing construction and rehabilitation.

North Stockton projects include:

- Traffic light preemptive, parks infrastructure, Kentfield, Fire Station Co. 11, Public Art, security cameras, street repairs, street lighting, El Dorado Street widening and beautification, traffic calming, and Panella Community Center expansion.

South Stockton projects include:

- Fire Station Co. 3, parks infrastructure, McKinley design, Public Art, security cameras, street repairs, Airport Way corridor, and Van Buskirk Community Center expansion.

Midtown Stockton projects include:

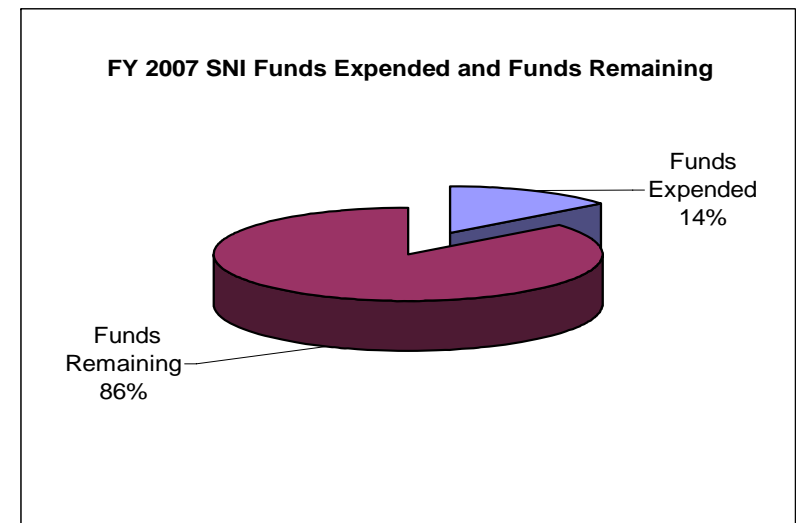
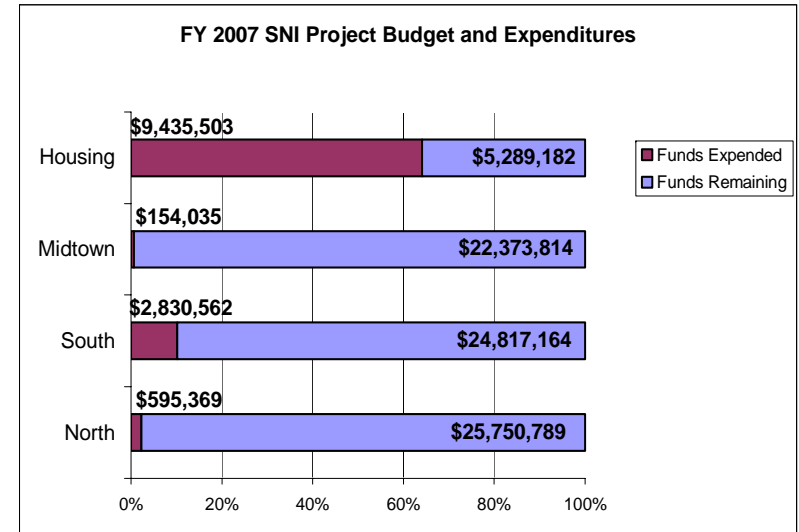
- University Park, park infrastructure, Fire Station Co. 6, Public Art, security cameras, street repairs, street lighting, and Stribley Community Center expansion.

Housing projects currently approved include:

- 4545 Kentfield (Kentfield Apartments), 4707 Kentfield (Park Monterey), Mercy Housing California, Vintage Plaza, and 1921 Pock Lane (Wysteria).

The upper right chart depicts the FY 2007 budget and actual spending amounts for the three designated areas for redevelopment under SNI and for low-income housing projects. Projects may take several years to complete. Housing expended 64 percent of its budget, Midtown one percent, South ten percent, and North two percent.

The bottom right chart shows that total funds expended in FY 2007 for SNI projects were 14 percent of the funds allocated.



Source: Redevelopment Agency