

ECONOMIC DEVELOPMENT/ REDEVELOPMENT

Administration Division

Division Summary

| SOURCE | FY 2005-06 ACTUAL BUDGET | FY 2006-07 ACTUAL BUDGET | FY 2007-08 ADOPTED BUDGET | FY 2007-08 AMENDED BUDGET | FY 2008-09 ADOPTED BUDGET |
|---------------------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Grant | 100,285 | 35,267 | 0 | 184,350 | 0 |
| Redevelopment Funds | 739,651 | 745,859 | 948,948 | 911,209 | 1,329,685 |
| TOTAL | 839,936 | 781,126 | 948,948 | 1,095,559 | 1,329,685 |

EXPENDITURES BY DIVISION

| | FY 2005-06 ACTUAL BUDGET | FY 2006-07 ACTUAL BUDGET | FY 2007-08 ADOPTED BUDGET | FY 2007-08 AMENDED BUDGET | FY 2008-09 ADOPTED BUDGET |
|----------------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Administration | 839,936 | 781,126 | 948,948 | 1,095,559 | 1,329,685 |
| TOTAL | 839,936 | 781,126 | 948,948 | 1,095,559 | 1,329,685 |

CHARACTER OF EXPENDITURES

| | FY 2005-06 ACTUAL BUDGET | FY 2006-07 ACTUAL BUDGET | FY 2007-08 ADOPTED BUDGET | FY 2007-08 AMENDED BUDGET | FY 2008-09 ADOPTED BUDGET |
|--------------------------------------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <u>PERSONNEL</u> | | | | | |
| Salaries and Benefits | 643,942 | 623,465 | 743,398 | 652,299 | 731,585 |
| Subtotal | 643,942 | 623,465 | 743,398 | 652,299 | 731,585 |
| <u>SUPPLIES AND SERVICES</u> | | | | | |
| Purchased Services | 188,315 | 152,247 | 183,550 | 420,010 | 559,950 |
| Supplies and Materials | 3,629 | 4,710 | 16,200 | 7,450 | 6,150 |
| Other Expenditures | 4,050 | 0 | 0 | 0 | 0 |
| Capital Expenditures | 0 | 704 | 5,800 | 15,800 | 32,000 |
| Subtotal | 195,994 | 157,661 | 205,550 | 443,260 | 598,100 |
| TOTAL | 839,936 | 781,126 | 948,948 | 1,095,559 | 1,329,685 |
| NET GENERAL FUND CONTRIBUTION | 0 | 0 | 0 | 0 | 0 |

AUTHORIZED STRENGTH

| | FY 2005-06 ACTUAL BUDGET | FY 2006-07 ACTUAL BUDGET | FY 2007-08 ADOPTED BUDGET | FY 2007-08 AMENDED BUDGET | FY 2008-09 ADOPTED BUDGET |
|--------------------------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Position Summary | | | | | |
| Economic Development/RDA | 6 | 6 | 6 | 6 | 6 |
| TOTAL | 6 | 6 | 6 | 6 | 6 |

ECONOMIC DEVELOPMENT/ REDEVELOPMENT

Administration Division

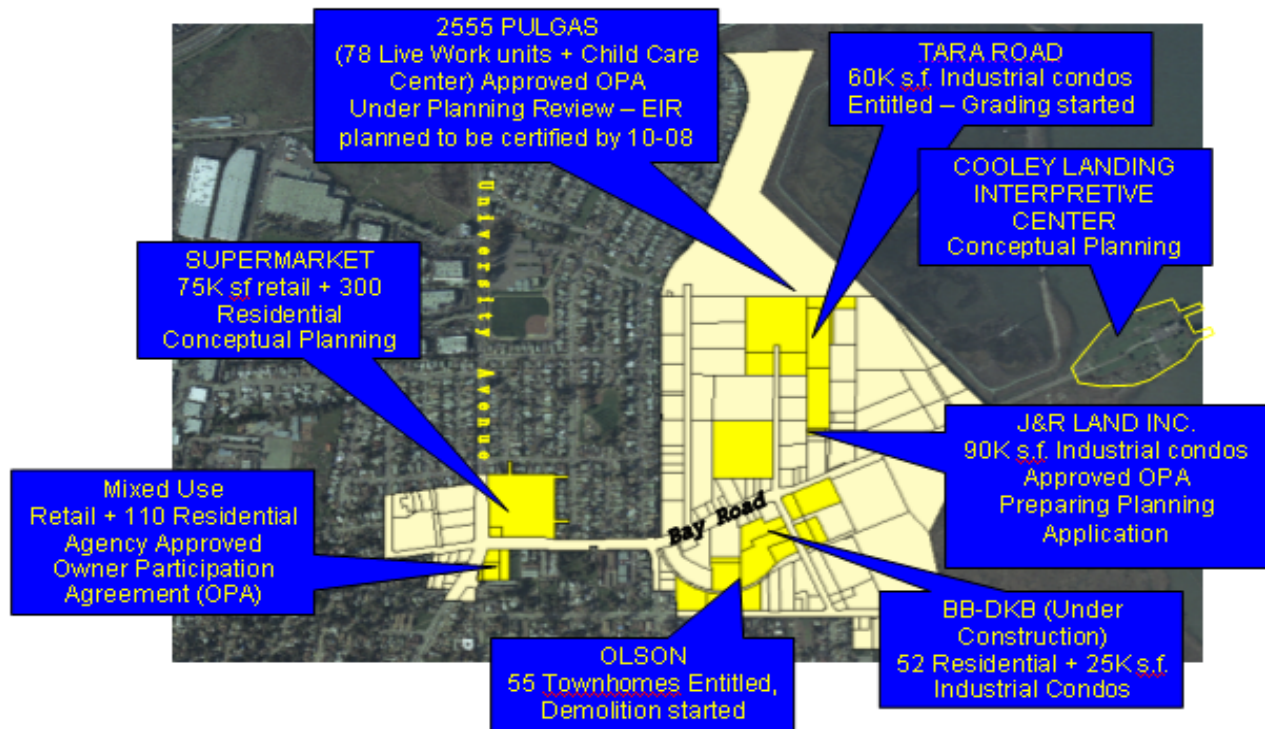
Division Summary cont.

Position Detail

| | FY 2005-06 ACTUAL BUDGET | FY 2006-07 ACTUAL BUDGET | FY 2007-08 ADOPTED BUDGET | FY 2007-08 AMENDED BUDGET | FY 2008-09 ADOPTED BUDGET |
|--------------------------------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|
| RDA Division Manager | 1 | 1 | 1 | 1 | 1 |
| * RDA Project Coordinator I/II | 2 | 2 | 2 | 2 | 2 |
| RDA Project Manager | 2 | 2 | 2 | 2 | 2 |
| Secretary | 1 | 1 | 1 | 1 | 1 |
| TOTAL | 6 | 6 | 6 | 6 | 6 |

* Matrix Assessment Study recommends abolishing one (1) Project Coordinator I/II. (currently under review with City Council)

Map of Redevelopment Areas with Status Updates on Each Project:



ECONOMIC DEVELOPMENT/ REDEVELOPMENT

Division Summary

SERVICE DESCRIPTION

Redevelopment is a tool created by state law to assist local governments in eliminating blight from designated areas in need of revitalization. Redevelopment is designed to improve the quality of life of the community through the creation of affordable housing, new jobs, the improvement of the City's physical infrastructure, helping develop small businesses, creating vibrant neighborhood retail, and improving and creating new open space and landscaped areas.

The functions of the Redevelopment Agency (RDA) Administration include: Economic Development, Strategic Planning for redevelopment areas, and Community Outreach. The Agency has a staffing of 6 (six) positions and works under the direction of the Redevelopment Agency Executive Director, who also serves as the City Manager.

The emphasis of the Fiscal Year 2008-2009 budget is to:

- Facilitate the entitlement of several projects in the Ravenswood, and Gateway 101 Redevelopment Project areas;
- Create development concepts that respond to market needs, are consistent with Redevelopment Plans, and are supported by the community and property owners; and;
- Improve the infrastructure of the Ravenswood Business District to support the envisioned growth in the area.

The Agency plans to accomplish its objectives by:

- Shepherding projects through execution to help identify and resolve implementation hurdles;
- Creating community forums to create project development concepts that are financially feasible;
- Helping in the completion of the Ravenswood EIR, initiate construction improvements of Bay Road Phase I and design of Phase II, forming an assessment district and merging all Redevelopment project areas to use tax increment from both the Gateway 101 and University Circle for needed infrastructure improvements in the Ravenswood.

Economic Development initiatives being pursued by the Agency staff are focused on continuing efforts to create employment opportunities for local residents, as well as a well-balanced mix of commercial uses and services that meet the needs of the residents, including a supermarket.

Pursuant to the priorities identified by the Agency Board of Directors, Economic Development is a priority and RDA Administration has identified the following strategic priorities for Fiscal Year 2008-2009:

- Continue the positive momentum created by the entitlement of projects in the Ravenswood;
- Continue attracting development interest to East Palo Alto;
- Facilitate completion of the Ravenswood EIR;
- Continue pursuing the formation of an assessment district in the Ravenswood;

REDEVELOPMENT/ ECONOMIC DEVELOPMENT

Division Summary cont.

- Facilitate efforts to achieve a financial merger of the three (3) Redevelopment Project Areas;
- Promote economic development by supporting local businesses;
- Work with local businesses to create jobs for local residents;
- Attract needed local-serving retail and commercial uses and services such as a supermarket and drugstore;
- Promote aesthetic City improvements;
- Support City decision makers to ensure that the City's adopted goals, policies and standards related to quality design and aesthetics are met by Redevelopment sponsored new development.

SIGNIFICANT CHANGES

FY 2007-2008 Adopted to FY 2007-2008 Amended:

The Fiscal Year 2007-2008 Amended Budget of \$1,095,559 is an increase of \$146,611 from the FY 2007-2008 Adopted Budget of \$948,948. This 15.5% increase results from a projected increase in redevelopment activities associated with the three project areas, Ravenswood, University Circle and Gateway 101.

FY 2007-2008 Amended to FY 2008-2009 Adopted:

The Fiscal Year 2008-2009 Adopted Budget of \$1,329,685 is an increase of \$234,126 from the FY 2007-2008 Amended Budget of \$1,095,559. This 21.4% projected increase results mainly from the acquisition of a GIS system, and acquiring outside services to conduct tax base analysis, market study and an environmental impact report.

ECONOMIC DEVELOPMENT/ REDEVELOPMENT

FY 2007-2008 ACCOMPLISHMENTS

| OBJECTIVE | RESULT |
|--|---|
| 1 To assist in the completion of the Ravenswood EIR. | Not accomplished but in progress: Continue staffing the Council- Planning Commission Subcommittee to plan strategy to complete EIR. |
| 2 To complete an Engineer's Report assessing infrastructure needs in the Ravenswood. | Not accomplished but in progress: Engineering portion of the Engineer's Report is approximately 90% complete |
| 3 To form an assessment district in the Ravenswood. | Not accomplished but in progress: Staff is continuing discussions in an effort to gain Property owners' support to form the assessment district. |
| 4 To financially merge all Redevelopment areas. | Not accomplished but in progress: Pending completion of Environmental Impact Report. |
| 5 To create 20 new affordable housing units. | Not accomplished but in progress: 80 new affordable housing units have been entitled. |
| 6 To organize and deliver 20 economic development workshops and events to support local businesses, and inform the community about ongoing development plans. | Accomplished. Staff organized and delivered a total of 21 workshops. Two additional general informational meetings are scheduled to take place before the end of Fiscal Year 2007-2008. |
| 7 To place 60 residents in local jobs. | Accomplished. |
| 8 To bring \$1,000,000 worth of contract opportunities for local businesses. | Not accomplished. To be accomplished with University Palms construction in Fiscal Year 2008-2009. |
| 9 To build in FY 2007-2008, 50,000 square feet of new industrial space. | Not accomplished but in progress: Building permits paid for 50,000 square feet of industrial condos at Bay and Pulgas. |
| 10 To raise in FY 2007-2008, \$10,000 to assist start-up and local business growth. | Partially accomplished. Obtained a \$5,000 grant from PG&E to update the "Small Business Needs Assessment Plan". |
| 11 To complete Planning process for the following Redevelopment projects: Supermarket Development (at NE corner of Bay & University) J&R Associates Industrial Condominiums SE Corner of Bay and University | Not accomplished: negative housing market conditions have stalled the planning process. Not accomplished but in progress: Planning to go to Agency for approval of OPA-transfer in Spring '08 to move on into construction. Not accomplished but in progress: staff is in the process of developing terms agreeable to all parties to complete site assembly. |

ECONOMIC DEVELOPMENT/ REDEVELOPMENT

FY 2007-2008 ACCOMPLISHMENTS

| OBJECTIVE | RESULT |
|-----------|--------|
|-----------|--------|

12 To complete construction of the following Redevelopment projects:

Olson town homes on Weeks Street

Not accomplished but in progress: staff is working with Olson to facilitate the construction of the project. Market conditions have slowed the initial construction schedule.

Byrd/Brock/DKB homes on the West side of Pulgas Avenue, between Bay and Weeks Tara Rd. Industrial Condominiums

Not accomplished but in progress: building permits applied for.

Not accomplished but in progress: grading of the site initiated.

Road improvements on Bay Road, Phase I (University to Clarke), in the Ravenswood

Not accomplished but in progress: Phase I under construction.

13 To continue exploring development options at the following sites:

Pad "D", commercial parcel owned by the Agency at the Gateway 101 shopping center
The Four Corners area

Not accomplished: on hold until user for Home Expo open doors.

Not accomplished but in progress: exploring conceptual development options.

The Ravenswood area in general

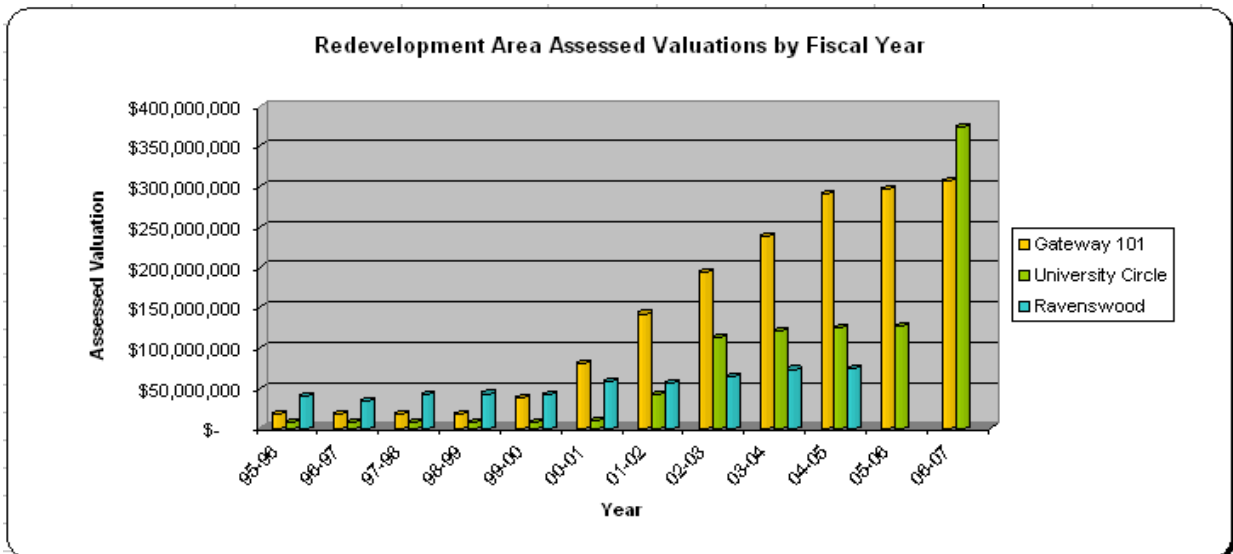
Not accomplished but in progress: in contact with brokers and developers to attract new development to these two areas.

Pulgas Panhandle

Not accomplished: Agency staff was directed by the Agency Board not to explore development options for this site.

Additional Accomplishments

1 The Agency applied for and received a \$100,000 grant to do an environmental assessment and clean up of contaminated property in the Ravenswood Business District which will have a positive effect for all businesses in the Ravenswood.



ECONOMIC DEVELOPMENT/ REDEVELOPMENT

FY 2008-2009 OBJECTIVES

1. To assist in the completion of the revised draft Ravenswood Environmental Impact Report (EIR) within 16 months of City Council contract authorization, after resources are allocated for the EIR's completion.
2. To ensure that consultant completes the Ravenswood Engineer's Report by December 2008.
3. To facilitate Redevelopment Agency decision making as to achieve a financial merger of all Redevelopment areas by June 2009.
4. To organize and deliver 20 economic development workshops and events to support local businesses, and inform the community about redevelopment plans by June 2009.
5. To complete Owner Participation Agreements and/or Developer Disposition Agreements for the following Redevelopment projects:
 - J&R Associates Industrial Condominiums by June 2009.
 - SE Corner of Bay and University by June 2009.
6. To obtain property appraisals necessary for Redevelopment Agency decision making related to Right of Way Acquisition related to Bay Road Phase II Construction by September 2008.
7. To bring at least one new development project proposal for each of the following sites to the Agency Board for consideration by June 2009:
 - Pad "D" at the Gateway 101 shopping center
 - The Four Corners area
 - The Ravenswood area in general
8. To monitor implementation of ROMIC closure, and clean up plan.
9. To initiate ROMIC reuse planning process by June 2009.
10. To initiate sales tax and transient occupancy tax revenue strategies through a study and provide recommendations by June 2009.

City of East Palo Alto First Source Hiring Retail Jobs July-September 2007

| Retailer | All Employees | FSH Employees | %FSH |
|--------------------------|---------------|---------------|------------|
| Best Buy | 91 | 25 | 27% |
| California Bank & Trust | 5 | 3 | 60% |
| Circuit City | 34 | 9 | 26% |
| Home Depot | 218 | 74 | 34% |
| IKEA | 388 | 135 | 35% |
| McDonald's | 39 | 31 | 79% |
| Office Depot | 26 | 13 | 50% |
| LuLu's Petite | 5 | 4 | 80% |
| SF Soup Company | 6 | 3 | 50% |
| Starbucks | 15 | 5 | 33% |
| Taco Bell | 22 | 17 | 77% |
| Togo's/Baskin Robbins | 13 | 7 | 54% |
| Total Retail Jobs | 862 | 326 | 38% |
| | | | |
| Redevelopment Projects | All Employees | FSH Employees | % FSH |
| Four Seasons Hotel | 286 | 59 | 21% |
| Cummings Park Project | 0 | 0 | n/a |
| YMCA | 54 | 27 | 50% |