



# STAFF REPORT

**TO:** City Council via City Manager  
**FROM:** City Engineer  
**DATE:** July 22, 2008

**SUBJECT:** Adoption of Ordinances No. 212 and 213—Street Improvement Impact Fee

**RECOMMENDATION:** The recommendation is that the City Council adopt Ordinances No. 212 and 213.

**ORDER OF PROCEDURE:**

Request Staff Report (Alex Meyerhoff Presenting)  
Council Questions of Staff  
Council Discussion  
Motion/Second  
Discussion of Motion  
Call the Question (roll call vote)

*Attachments*

1. Ordinance No. 212
2. Ordinance No. 213
3. Report of Citywide Street Improvement Impact Fee Study

**BACKGROUND:** At the January 22, 2008 City Council meeting the Council received a staff report on the current Street Improvement Impact Fee. At that meeting staff was directed to prepare ordinances to (1) permit the payment of a Street Improvement Impact Fee for the construction of street improvements resulting from newly constructed non-residential and multi-family residential development, (2) impose a Street Improvement Impact Fee on development projects located on streets which have already been improved, and were paid for with funds from the Street Improvement Impact Fee or other public funds, and (3) eliminate the deferral option for street improvements.

At the February 26, 2008 City Council meeting the Council discussed briefly draft Ordinances 212 and 213 and then asked staff to schedule a study session to more thoroughly review the issue as a whole.

At the March 19, 2008 study session the City Council received a history of the Street Improvement Impact Fee and provided comment on draft Ordinances 212 and 213. The City Attorney made revisions to the ordinances per the direction of the Council and the ordinances were subsequently introduced at the April 22, 2008 City Council meeting with direction to staff to bring them back for adoption at the May 13, 2008 meeting.

At the May 13, 2008 City Council meeting the Council received the staff report, opened the public hearing, took testimony of public, some of whom were concerned about the elimination of the deferral option for street improvements, and then continued the public hearing to the May 27,

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Review of Staff Report: \_\_\_\_\_  
City Manager      City Attorney      City Engineer      Department Head

2008 City Council meeting to further take public comments and discuss the elimination of the deferral requirement from the development code on street improvements.

On May 27, 2008 the City Council discussed the potential elimination of the deferral option. At that meeting staff received direction from the Council to retain the deferral option in the Development Code, with the requirement that future applications for deferrals be considered by the Planning Commission who will provide a recommendation to the City Council.

On July 8, 2008, following the public hearing on this matter the City Council conducted the first reading of this Ordinance.



# STAFF REPORT

TO: City Council via City Manager  
FROM: Community Development Director  
DATE: July 22, 2008

SUBJECT: PC 08-20 – Ordinance No. 215 amending Chapters 19.07 (Rural Living), 19.08 (Single Family), and 19.12 (Service Commercial and Industrial District) of the Municipal Code.

RECOMMENDATION: The recommendation is that the City Council adopt Ordinance No. 215.

## ORDER OF PROCEDURE:

Request Staff Report (Alex Meyerhoff Presenting)  
Council Questions of Staff  
Council Discussion  
Motion/Second  
Discussion of Motion  
Call the Question (roll call vote)

### *Attachment*

- Ordinance No. 215

BACKGROUND: The proposed Amendment includes the following elements:

- Chapter 19.07 (Rural Living) to allow garage conversions;
- Chapter 19.08 (Single Family) to allow garage conversions; and
- Chapter 19.12 (Service Commercial and Industrial District) to amend land uses.

The Amendments to Chapters 19.07 and 19.08 would allow the conversion of garages into habitable living areas. The Amendments to Chapter 19.12 changed the designation of a number of auto-repair related businesses. On April 15, 2008, following a series of study session, the Planning Commission voted to recommend approval of these amendments. On May 13, the City Council opened and continued a public hearing on this topic. At its meeting on July 8, 2008, following a public hearing on this matter, the City Council introduced Ordinance No. 215.

## California Environmental Quality Act

The proposed amendments are exempt from further environmental review under CEQA.

## Approval Authority

The City Council is the Approval Authority for this Zoning Ordinance Amendment.

## ALTERNATIVES:

Approve the amendments; amend the draft Ordinance to meet the City Council's objectives; or take no action.

FISCAL IMPACT: None.

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Review of Staff Report:

\_\_\_\_\_ City Manager

\_\_\_\_\_ City Attorney

\_\_\_\_\_ City Engineer

\_\_\_\_\_ Department Head

ORDINANCE NO. 215

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TWENTYNINE PALMS CALIFORNIA, AMENDING CHAPTERS 19.07.090, 19.08.090, TO ALLOW GARAGE CONVERSIONS, AND AMENDING CHAPTER 19.12 TO AMEND THE LAND USE TABLE TO THE TWENTYNINE PALMS MUNICIPAL CODE.

WHEREAS, the City Council has determined that the Development Code presently does not allow for the conversion of garages for use as habitable structures in the RL and RS zones; and

WHEREAS, the City Council has determined that the Development Code should be amended related to auto repair and related uses in the CS and IC zones; and

WHEREAS, the City Council conducted a duly noticed Public Hearing on July 8, 2008.

NOW, THEREFORE, the City Council of the City of Twentynine Palms Does ordain as follows:

Section 1: Section 19.07.090(K) of the Twentynine Palms Municipal Code is hereby amended to read as follows:

The minimum parking requirement for a new single-family residence shall be a two-car garage. The minimum parking requirement for a multi-family structure, where permitted, shall be one covered space and one open space per dwelling unit; covered parking shall be either a carport with solid roof covering or a garage. Building permits shall be required for garage conversions, however a minimum of two parking spaces must be provided on site.

Section 2: Section 19.08.090(K) of the Twentynine Palms Municipal Code is hereby amended to read as follows:

The minimum parking requirement for a new single-family residence shall be a two-car garage. The minimum parking requirement for a multi-family structure, where permitted, shall be one covered space and one open space per dwelling unit; covered parking shall be either a carport with solid roof covering or a garage. Building permits shall be required for garage conversions, however a minimum of two parking spaces must be provided on site.

Section 3: Table 19.12-A of the Twentynine Palms Municipal Code is hereby amended to read:

USE	CS	IC	NOTES
Automotive repair - major (i.e., engine and transmission repair/rebuild, etc.)	⊕ P	⊕ P	A wall made of block, masonry, or other similar material, minimum six (6) feet in height, must be installed to separate use from adjacent properties. Outdoor storage must be screened.
Body, paint, and upholstery shops	⊕ P	⊕ P	
Motor vehicle sales, new and used	C	- P	May include sales display area and repair

PASSED AND ADOPTED THIS 22nd DAY OF JULY 2008

\_\_\_\_\_  
Elaine Bernal, Mayor

CERTIFICATION:

I, Charlene L. Sherwood, City Clerk of the City of Twentynine Palms, do hereby certify that the foregoing Ordinance No. 215 was introduced and placed upon first reading at a regular meeting of the City Council on the 8th day of July 2008. That thereafter, said Ordinance was duly adopted and passed at a regular meeting of the City Council on the 22nd day of July 2008, by the following vote, to wit:

AYES: COUNCIL MEMBER:  
NOES: COUNCIL MEMBER:  
ABSENT: COUNCIL MEMBER:  
ABSTAIN: COUNCIL MEMBER:

\_\_\_\_\_  
Charlene L. Sherwood CMC, City Clerk



# STAFF REPORT

**TO:** City Council via City Manager  
**FROM:** Finance Director  
**DATE:** July 22, 2008

**SUBJECT:** Copier lease at City Hall

**RECOMMENDATION:** City Council approve the lease for a Xerox W5665 copier.

**ORDER OF PROCEDURE:**

Request Staff Report (Ron Peck Presenting)  
Request Public Comment  
Council Questions of Staff  
Council Discussion  
Motion/Second  
Discussion of Motion  
Call the Question (voice vote)

**BACKGROUND:** The current copier at City Hall has been in use for three years, it is making over 19,000 copies per month, and is beginning to have maintenance problems. Staff contacted Xerox about trading in the current machine on a newer model. The lease for the new machine will be about \$600 per year more than the current machine because of a few upgrades and newer technology. The per-copy supplies and maintenance cost will remain the same. Staff requests City Council approval for the City Manager to execute the lease.

**ALTERNATIVES:** There are many alternatives available, but for consistency of service and reliability, staff recommends staying with the current vendor.

**FISCAL IMPACT:** The increased cost is within the amount budgeted for copier leases for the current fiscal year.

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Review of Staff Report:

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City Manager

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City Attorney

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City Engineer

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Department Head



# STAFF REPORT

**TO:** City Council  
**FROM:** Richard Pedersen, City Engineer  
**DATE:** July 10, 2008

**SUBJECT:** El Rey Avenue Improvement Project

## RECOMMENDATION:

Award the contract for the “El Rey Avenue Improvement Project” to Cooley Construction, Inc. for the amount of \$488,002.00.

## ORDER OF PROCEDURE:

Request Staff Report (Richard Pedersen Presenting)  
Council Questions of Staff  
Request Public Comment  
Council Discussion  
Motion/Second  
Discussion of Motion  
Call the Question (roll call vote)

## SUMMARY:

On July 10, 2008, bids were received for the “El Rey Avenue Improvement Project.”

The project includes re-construction of El Rey Avenue from Highway 62 north to Nicolson Drive by removal of existing asphalt pavement, construction of new concrete curb, gutter, and sidewalk, installation of new asphalt pavement, and traffic striping.

## BACKGROUND:

The asphalt pavement in and around the San Bernardino County Flood Control District right-of-way, approximately 400 feet north of Highway 62, was damaged by heavy rain storm. The County Flood Control has agreed to pay a lump sum of \$400,000 to repair the road. The purpose of this project is to replace the asphalt pavement, add new concrete curb and gutter to control drainage, and add new concrete sidewalk.

The following are the bid results:

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Review of Staff Report: \_\_\_\_\_  
City Manager      City Attorney      City Engineer      Department Head

<u>Company</u>	<u>Bid Amount</u>
<b>Cooley Construction, Inc.</b>	<b>\$488,002.00</b>
Matich Corporation	\$512,215.00
Granite Construction	\$693,396.00

The low bid price exceeds the lump sum amount agreed to be paid by the County Flood Control by \$88,002.00. This amount can be covered by Article 8 funds allocated to other projects which are below budget.

Cooley Construction has completed similar projects for the City. Staff is satisfied that Cooley Construction is qualified to do the work under this contract.

**ALTERNATIVES:** N/A

**FISCAL IMPACT:** N/A



# STAFF REPORT

**TO:** City Council via City Manager  
**FROM:** Community Development Director  
**DATE:** July 22, 2008

**SUBJECT:** Approval to award contract to Stanley Louis Co. in the amount of \$33,624.69 for the installation of a pool heater and electrical work.

**RECOMMENDATION:** The City Council approve the Luckie Park Pool Heater to Stanley Louis Co., in the amount of \$33,624.69.

## ORDER OF PROCEDURE:

Request Staff Report (Randy Council presenting)  
Request Public Comment  
Council Questions of Staff  
Council Discussion  
Motion/Second  
Discussion of Motion  
Call the Question (voice vote)

Attachments

\* Bid Sheet

## BACKGROUND:

Last spring, Staff had problems with the existing pool heater at the Luckie Park Pool. After calling the gas company and taking the unit apart, it was found that the insulation fire walls were deteriorating. Replacement parts were ordered, and the problem solved temporarily. The 10 + year old heater was scheduled to be replaced in 2010, but with the additional funds from the First District and the cost savings from a newer more efficient model, it was determined to replace the heater this year.

Staff over the past several months contacted several manufacturers on different types of heaters, and selected the Hi Delta Raypak pool heater as the model to fit the City's needs. As part of the project staff has also decided to bring the sub-panel up to code and make some room improvements, to meet the new gas company standards. The electrical work which includes a KVAR unit (which reduces the amount of electricity) has been included in the bid. The room improvements will be done in house as time permits.

In June the City sent bid packets to six local general contractors, with only one company Stanley Louis Co. in conjunction with Wonder Electric, submitted a bid, in the amount of \$33,624.69. Attached is a copy of the bid sheet from Stanley Louis Co.

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Review of Staff Report:

\_\_\_\_\_ City Manager

\_\_\_\_\_ City Attorney

\_\_\_\_\_ City Engineer

\_\_\_\_\_ Department Head

**ALTERNATIVES:**

The first option is to award the contract to Stanley Louis Co., with the second option being to rebid the project. The first option allows the City to complete the project in this fall, and the second option would put the project off until next year or later.

**FISCAL IMPACT:**

There is no fiscal impact to the City because this project is funded with CDBG (Community Development Block Grant Funds) dedicated to this project from the First District.

Therefore, Staff's recommendation is to approve the awarding of \$33,624.69 to Stanley Louis Co. for the installation of a Raypak pool heater at the Luckie Park Pool.



# STAFF REPORT

**TO:** City Council via City Manager  
**FROM:** Finance Director  
**DATE:** July 22, 2008

**SUBJECT:** Building Permit Fees

**RECOMMENDATION:** The City Council adopt Resolution No.08-24, adjusting the building permit fees.

**ORDER OF PROCEDURE:**

Request Staff Report (Ron Peck Presenting)  
Request Public Comment  
Council Questions of Staff  
Council Discussion  
Motion/Second  
Discussion of Motion  
Call the Question (voice vote)

Attachment
Proposed Fee Schedule
Resolution No.08-24

**BACKGROUND:** The City's building permit fees were last adjusted in 2003, using a construction valuation of \$48.50 per square foot for a single family dwelling. Staff proposes a change to the building fee schedule that would make the City's fees comparable to those used by both the Town of Yucca Valley, and the County of San Bernardino. The result would be an increase of 13.78%, which is a little less than the cost of living index increase (14%) over the same period. Although builders and developers never like to see the fees increased, this change will make all the building permits within the Morongo Basin the same.

**ALTERNATIVES:** There are many alternatives, but none of them would result in lower fees and, in addition, would cost the City revenue while studies are progressing.

**FISCAL IMPACT:** The City will collect revenue at a more equitable rate.

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Review of Staff Report:

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City Manager

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Department Head



# STAFF REPORT

**TO:** City Council via City Manager  
**FROM:** City Engineer  
**DATE:** July 22, 2008  
**RE:** Twentynine Palms Lighting and Landscaping Assessment District #1, Engineer's Annual Report, and Levy of Assessment for FY 2008-2009

**RECOMMENDATION:**

- 1) Conduct the public hearing
- 2) Adopt Resolution No.08-23, (A Resolution of the City Council of the City of Twentynine Palms confirming the diagram and assessment and levying assessment pursuant to the Lighting and Landscaping Act of 1972 for Fiscal Year 2008-2009).

**ATTACHEMENTS**

- Resolution Confirming Diagram and Assessment
- Engineer's Report

**ORDER OF PROCEDURE:**

Request Staff Report (Richard Pedersen Presenting)  
Council Questions of Staff  
Open Public Hearing  
Request Public Comment  
Close Public Hearing  
Council Discussion  
Motion/Second  
Discussion of Motion  
Call the Question (roll call vote)

**BACKGROUND:** On June 10, 2008, the City Council approved Resolution No. 08-19, directing the filing of the Annual Report for the Twentynine Palms Landscaping and Lighting District, approved the Engineer's Report, and approved Resolution No.08-20, to declare the City's intention to order improvements and to levy and collect assessments for Fiscal Year 2008-2009. The resolution also gave notice of the time and place for the public hearing to discuss the proposed assessment.

Continued next page

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Review of Staff Report: \_\_\_\_\_

Head City Manager City Attorney City Engineer Department

As indicated within the engineer's report, the proposed net amounts to be assessed for each location within the assessment district are as follows:

assessment Location No.	Tract No.	No. of lots	Last year's assessment	Proposed (FY 08/09)
• L-1	Tract 16729	132	N/A	\$179.85

The City Council approved Tentative Tract Map No. 16729 for applicant, Penca Capital, LLC. Per the conditions of approval, the applicant was required to set up a lighting and landscape assessment district. The purpose of the assessment district is to provide a funding mechanism for the ongoing maintenance of the improvements in the public right of way including parkway landscaping, retention basin landscaping, the perimeter block wall and street lighting at the new subdivision.

**ALTERNATIVES:** Amend report.

**FISCAL IMPACT:** There is no financial impact to the City.



# STAFF REPORT

**TO:** City Council via City Manager  
**FROM:** City Engineer  
**DATE:** July 22, 2008

**RE:** Joint Use Sewer Treatment Plant.

**RECOMMENDATION:** The recommendation is that the City Council receives the staff report and provides direction to staff.

## ORDER OF PROCEDURE:

Request Staff Report (Richard Pedersen Presenting)  
Council Questions of Staff  
Request Public Comment  
Council Discussion & Direction

**BACKGROUND:** Last year the Marine Base (MCAGCC) contracted with Winzler & Kelly to provide a study regarding the feasibility of constructing a joint use sewer treatment plant. At that same time the City also contracted with Winzler & Kelly to provide additional technical analysis of historic ground water levels and nitrate contamination.

This study evaluated a number of alternatives for the MCAGCC and the City, which can be summarized as follows:

- Joint use with MCAGCC at their existing main side treatment plant
- Joint use with MCAGCC at a new site that would be located between the City and the base.
- Separate use by the City using a conventional collection system and centralized treatment plant that uses a natural treatment process.
- Separate use by the City using a conventional collection system and centralized treatment that utilizes a mechanical treatment process.
- Decentralized wastewater treatment system.

### Cost of Joint Use Wastewater Facility

The probably cost for the first four alternatives, which looked at a centralized treatment system that would serve the whole community, ranged from about \$56 million dollars to \$80

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Review of Staff Report: \_\_\_\_\_

Head  
City Manager      City Attorney      City Engineer      Department

million dollars, all in today's dollars. Winzler & Kelly analyzed phasing the construction of the collection system into four (4) phases that would essentially occur over the next thirty years.

#### Potential For Grants

The availability of grants is limited and competitive. Generally, priority is provided to communities that have a demonstrated need and have median income below the state average. The report indicates that a community should have a median income of around \$20,000 or less for the potential for receiving grants in aid of construction of these projects. The City's median income exceeds this amount. Therefore, based upon the lack of an imminent threat and the City's median income level, Winzler and Kelly believes that the only likely avenue for receiving grants would be through direct Congressional appropriations.

#### A Closer Look At A Perceived Problem

Winzler & Kelly looked at the issue of nitrate contamination in the groundwater. Based upon monitoring performed by the Twentynine Palms Water District, the concentrations of nitrates appears to be stabilized at levels that are safely below the maximum contamination level (MCL) established by the State's drinking water standards. Therefore, the need for citywide wastewater treatment facilities does not appear to be imminent. However, the Regional Water Quality Control Board, which is the State agency responsible for regulatory authority of wastewater discharges, has consistently expressed concerns and has required three recent subdivisions to install package treatment systems.

#### Recommendation: Decentralized Approach

As the Council is aware, the infrastructure required per our Master Plan of Drainage cost \$104 M to construct and as a result, the city is taking a different approach to controlling storm water flooding. Instead of constructing several miles of concrete channels, the City is taking the position that each neighborhood provides a separate retention basin, a "decentralized" approach to controlling storm water.

Similar to the City's approach to controlling storm water runoff, Winzler & Kelly's recommended approach is to utilize the decentralized treatment alternative. Essentially under this alternative only future development that met certain criteria would be required to have advanced treatment, either in the form of advanced on-site treatment systems or connection to a decentralized treatment facility. This approach has the advantage of having the users of the system that benefit from it pay all of its costs and that construction is funded in an ongoing, as needed basis. The disadvantage, of course, is that the cost of construction for advanced treatment systems, or connection to a decentralized treatment facility, may be beyond the ability of developers.

Under this approach the City would take an active role in the management of wastewater systems within the City limits. While the Regional Water Quality Control Board would still retain its regulatory authority, the City would also have regulatory authority in the type of treatment systems that are developed.

The advantages of this approach to the City include the ability to provide consistency of design, the potential to have the systems designed and constructed so that reclamation occurs, which provides benefits in reducing water demand, and the ability to connect future development into existing systems over time.

To implement this approach will require a number of steps. The next step should be to complete a Wastewater Master Plan specifically focused on which areas should be required to have advanced treatment, either through the use of a small package wastewater treatment system or an individual enhanced wastewater treatment system. The Master Plan

will look at existing zoning land use policies, potential groundwater impacts and will provide recommendations for incorporation into the City's General Plan.

Staff recommendation is that many of these issues should be considered with the ongoing discussion of General Plan update and included as part of an infrastructure element of the Plan. The intent of the Master Plan would be to provide the technical basis from which policies, ordinances and regulations can be adopted to govern these systems in the future.



# STAFF REPORT

**TO:** City Council  
**FROM:** City Manager  
**DATE:** July 22, 2008

**SUBJECT:** Letter to Caltrans

**RECOMMENDATION:** The recommendation is that the City Council receives the staff report, reviews the draft letter to Caltrans, and provides direction to staff before signatures are obtained and letter sent.

## **ORDER OF PROCEDURE:**

Request Staff Report (Michael Tree Presenting)  
Council Questions of Staff  
Public Comment  
Council Discussion & Direction

**BACKGROUND:** At the June 24<sup>th</sup> City Council meeting staff was directed by the Council to draft a letter to Caltrans that would convey their frustration with the agency's lack of progress on several issues, including the highway widening project and maintenance on SR 62.

Staff will present to the Council at the July 22<sup>nd</sup> meeting the draft letter for comment.

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Review of Staff Report:

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City Manager

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City Attorney

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City Engineer

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Department Head



# STAFF REPORT

**TO:** City Council  
**FROM:** City Manager  
**DATE:** July 22, 2008

**SUBJECT:** Task Force Assignments

**RECOMMENDATION:** The recommendation is that the City Council makes appropriate Task Force Assignments.

## ORDER OF PROCEDURE:

Request Staff Report (Michael Tree Presenting)  
Council Questions of Staff  
Public Comment  
Council Discussion  
Motion/Second  
Discussion of Motion  
Call the Question (roll call vote)

### *Attachments*

1. Current list of Task Force Assignments

**BACKGROUND:** At the June 10<sup>th</sup> City Council meeting the Council gave direction to staff to work with Mayor Elaine Bernal and Councilmember Jim Harris on Caltrans issues. Additionally, the Council directed staff to work with Councilmembers Joel Klink and Steve Spear on potential Redevelopment Agency projects in the downtown area. Staff recommends that the City Council formalize these arrangements through the creation of Task Forces.

Additionally, it is the desire of the City Council to continue to work closely with the Twenty-Nine Palms Band of Mission Indians as they plan for their future gaming facility. Staff recommends that the Council appoint two of its members to a Task Force for this purpose.

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Review of Staff Report: \_\_\_\_\_  
City Manager      City Attorney      City Engineer      Department Head

## **Task Forces of City Council**

The following are assignments and vacancies on the task forces, which are formed by the City Council via appointment by the Mayor. They meet infrequently but as needed.

Franchise Task Force	Joel Klink and Steve Spear
Neighborhood Clean Up Task Force	Jim Harris and Steve Spear
Economic Development Task Force	Steve Spear and Elaine Bernal
Circulation Task Force	Jim Harris and Steve Spear
Finance Task Force	Joel Klink and Elaine Bernal
Personnel Task Force	Joel Klink and Steve Spear
Park Task Force	Jim Harris and Steve Flock
Wastewater Task Force	Steve Flock and Steve Spear
Crosswalk Task Force	Steve Spear and Elaine Bernal
Chamber Liaison	Elaine Bernal
Fee Task Force	Joel Klink and Steve Spear
Fire Department Task Force	Jim Harris and Steve Spear
CDBG Task Force	Joel Klink and Steve Flock
Government Center Task Force	Elaine Bernal and Steve Flock
Caltrans	Elaine Bernal and Jim Harris
Redevelopment Agency Projects	Joel Klink and Steve Spear



# STAFF REPORT

**TO:** Twentynine Palms Redevelopment Agency Board  
**FROM:** Executive Director  
**DATE:** July 22, 2008

**SUBJECT:** Affordable Housing Investment

**RECOMMENDATION:** The recommendation is that the Twentynine Palms Redevelopment Agency Board receives staff report and provides direction to staff regarding funding parameters.

## ORDER OF PROCEDURE:

Request Staff Report (Frank Spevacek of RSG Presenting)  
Council Questions of Staff  
Public Comment  
Council Discussion & Direction

## BACKGROUND:

The Twentynine Palms Redevelopment Agency has a mandate to invest in affordable housing preservation and development. This report:

- summarizes these mandates;
- identifies the anticipated affordable housing investment revenue;
- identifies the projected affordable housing production needs; and
- requests direction regarding affordable housing investment parameters.

Staff has received developer requests for Agency investment in their affordable housing projects. With the Board's input, staff will then identify housing initiatives for Board consideration.

## Housing Mandate

The Community Redevelopment Law ("CRL") establishes the Agency's affordable housing mandates, which are summarized below:

- The Agency must deposit at least 20% of its annual tax increment revenue into an affordable housing fund. These monies must be invested to increase and improve the community's supply of housing affordable to very low, low and moderate income households.

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Review of Staff Report:

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Department Head

- The Agency must insure that at least 15% of all privately developed new housing, or substantially rehabilitated existing housing, must be affordable to very low, low and moderate income households; at least 40% of these dwellings must be affordable to very low income households. This mandate must be achieved by the time the Agency’s redevelopment authority expires in December 2033.
- To insure continued affordability, the Agency must secure covenants on the affordable dwellings that insure their affordability for a minimum of:
  - 45 years for single family dwellings; and
  - 55 years for multi-family dwellings.

### Housing Fund Revenue

Working with the City Finance Department, RSG prepared Agency revenue and expenditure projections. Assuming that property values grow by 2% per annum, these projections indicate that during the next 4 years (FY 2008-09 through FY 2010-11), the Agency will receive \$295,000 for housing program administrative costs, and \$6,500,000 to invest in affordable housing programs and projects. The CRL provides that the Agency must actively invest and not just accrue these funds. The Agency’s housing fund expenditures are subject to State review, and care must be taken to not have an “excess surplus” of housing funds; “excess surplus” is defined as a year end fund balance that equals or exceeds the prior three years of housing fund deposits.

### Housing Need

The Agency must increase and improve the community’s supply of housing affordable to very low, low and moderate income households. The following chart presents the income levels for these households. This data is based upon 2008 affordable housing income limits for San Bernardino County, published by the California Department of Housing and Community Development.

Income Category	1 Person Household	2 Person Household	3 Person Household	4 Person Household
Very Low	\$23,300	\$26,650	\$29,950	\$33,300
Low	\$37,300	\$42,650	\$47,950	\$53,300
Moderate	\$52,100	\$59,500	\$67,000	\$74,400

In December 2007 the Agency adopted a 10 year Housing Compliance Plan that identified the Agency’s affordable housing production needs. These needs are identified for a ten year period. Based upon the General Plan’s current residential build out projections for the Four Corners Project Area (“Project Area”), the Agency must secure the following number of affordable units by 2033 (when the Agency’s redevelopment authority expires) and by 2014 (when the current Ten Year Housing Compliance Plan expires):

Production Mandate 1993 - 2033			Housing Needed By 2014		
Very Low	Low/Moderate	Total	Very Low	Low/Moderate	Total
90	135	225	85	127	212

To date, the Agency has or will soon secure the following affordable dwellings:

AFFORDABLE HOUSING PRODUCED TO DATE				
	Very			
	Low	Low	Moderate	Total
Single Family	5			5
Multi-Family	20	75		95
<b>Total</b>	<b>25</b>	<b>75</b>	<b>0</b>	<b>100</b>
Percent of Total	25%	75%	0%	

Based upon these projections, the Agency has additional needs that need to be met. If housing production in the Project Area continues at the projected pace, the Agency must secure 112 affordable units by 2014, of which 40 must be affordable to very low income households.

To date, the Agency has provided funds to facilitate development of 5 single family homes affordable to very low income households; the rehabilitation of 48 apartment units of which 5 dwellings are affordable to very low income households and 43 are affordable to low income households; and the City has conditioned a 4% tax credit multi-family rehabilitation project to record affordability covenants on 47 units, with 15 units affordable to very low income households and 32 units affordable to low income households. The single family homes feature 45 year affordability covenants and the multi-family dwellings 55 year covenants.

### Board Direction

Staff is seeking Board direction regarding the type of affordable housing initiatives the Agency should invest in; proposals staff has reviewed include the following:

- New development. Developers have submitted requests for Agency investment in 4% and 9% tax credit financed multi-family housing. Tax credit financing cover 30% to 50% of the land purchase, design and construction costs and the Agency funds the rest; 4% tax credits raise approximately 30% of total project costs and 9% tax credits approximately 60%. Residential development funded with tax credits must be affordable to very low and low income households, and the units must remain affordable for 55 years. One 9% tax credit proposal staff reviewed indicated a need for \$750,000 of Agency investment to gain 47 units, 15 very low income and 32 low income for a per unit investment of \$15,957. These numbers were preliminary and subject to further refinement.
- Rehabilitation/new development. Staff has been identifying residential property rehabilitation opportunities that may include new development. The San Bernardino County Housing Authority owns a 24 unit multi-family development located at 6443 Split Rock Road. Discussions with Gustav Joslin, Director of Real Estate Development and capital Improvements, indicate that the Housing Authority is interested in either rehabilitating these units, facilitating the sale of these units to another non-profit operator who would rehabilitate them, or demolishing these units and building a new complex. Preliminary analysis by RSG indicates that it would cost \$80,000 to \$100,000 per unit or \$1,920,000 to

\$2,400,000 for site and residential unit improvements. Some of this cost may be borne by the Housing Authority or another operator. However, for this discussion, assume the worst case scenario and anticipate the Agency would need to fund all of these costs. If the existing improvements were demolished, the site could accommodate up to 32 new units. The estimated cost to relocate all tenants and build a new 32 unit complex is \$7,500,000. Assuming that 4% tax credit financing was used and funded 30% or \$2,250,000 of this cost, the net Agency investment (assuming no other funding sources were pledged – housing grants), is estimated to be \$5,250,000 or \$164,062 per unit.

- Project Phoenix. Another option would entail investing housing fund monies in conjunction with the infrastructure improvements the Agency is considering in the Project Phoenix Area. On June 10, 2008, the Agency Board directed staff to design an infrastructure investment program wherein redevelopment funds would be invested in curb, gutter and sidewalk improvements in the neighborhood south of SR 62, west of Cholla Avenue, east of split Rock Avenue, and north of Cactus Drive. Using Housing Funds, the Agency could identify the type of affordable housing it desires, purchase dilapidated and/or vacant properties, and circulate a request for proposals to secure affordable housing developers. This housing could be either rental or ownership housing. Locating more rooftops in this area could also increase demand for the Downtown retail establishments. Assuming the Agency could assemble property that would accommodate up to 32 units, the estimated Agency investment would parallel the cost estimates for the prior rehabilitation/new development scenario.

Investing in affordable housing rehabilitation and development, the Agency and City have the opportunity to impose enhanced design and energy efficiency requirements, and more stringent on-going maintenance and persons per unit occupancy requirements.



# STAFF REPORT

**TO:** Twentynine Palms Redevelopment Agency  
**FROM:** Executive Director  
**DATE:** July 22, 2008

**SUBJECT:** Property Improvement Program

**RECOMMENDATION:** The recommendation is that the Twentynine Palms Redevelopment Agency receives staff report and provides direction to staff regarding funding parameters.

## **ORDER OF PROCEDURE:**

Request Staff Report (Frank Spevacek of RSG Presenting)  
Council Questions of Staff  
Public Comment  
Council Discussion & Direction

**BACKGROUND:** The Redevelopment Agency adopted an updated Five Year Implementation Plan in December 2007. The Plan allocated \$75,000 to a storefront improvement program, \$1,500,000 for downtown area infrastructure improvements ("Project Phoenix"), \$700,000 for additional downtown area enhancements (street furniture, lighting, sidewalk and cross walk improvements), \$100,000 to prepare a downtown specific plan, \$500,000 for Historic Plaza improvements, and \$25,000 for general community clean-up activities. On June 10<sup>th</sup>, the Agency considered two of nine pending requests for Agency investment in site specific building and/or infrastructure improvements. The Board directed staff to move forward with the two proposals.

The following chart summarizes the nine pending proposals:

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Review of Staff Report: \_\_\_\_\_  
City Manager      City Attorney      City Engineer      Department Head

<b>Project</b>	<b>Requested Assistance</b>	<b>Applicant Contribution</b>	<b>Status</b>
Curb, gutter, sidewalk, HVAC improvements	\$ 138,560	Previous renovations	Tentative approval
Façade improvements, new restrooms, HVAC improvements	229,040	\$22,900	Tentative approval
ADA improvements, curb, gutter, sidewalk, and street repair	133,600	Building renovations - new doors, windows, paint & signage	In review
Interior/exterior building improvements, parking lot improvements, signage, restroom improvements	100,000	Building renovations	In review
Property acquisition, ADA restroom, fencing, shade cloth, nursery equipment, curb, gutter, sidewalk	166,500	\$76,000 (Working capital, marketing, equipment, shed)	In review
Curb, gutter sidewalk improvements	160,000	\$1,410,210 (Contractor offices/storage buildings)	In review
Building façade, interior improvements	273,300	Not indicated	In review
Acquire vacant downtown property build new building to accommodate a dental practice	325,000	\$100,000	In review
Purchase downtown building	265,000	Not indicated	In review
<b>Total</b>	<b>\$1,791,000</b>		

The Agency is projected to have \$5,161,186 (after administrative costs) to invest in non-housing redevelopment projects/programs from FY 2008-09 through FY 2011-12; please note 60% or \$3,102,377 of this projected revenue comes in fiscal years 2009-10 through 2011-12. If the \$3,150,000 of Five Year Implementation Plan projects and the \$1,791,000 of pending proposal requests were funded, the total funding need is \$4,441,000 leaving \$220,186 for cost overruns and new projects.

Staff is seeking Board direction regarding proceeding with these projects and programs. Alternatives for consideration include:

- Funding all of the program/projects under consideration and not accept any new applications until more redevelopment funds are available or if the pending projects are not funded.
- Delay repayment of the \$2,000,000 General Fund loan or reduce the annual repayment amount. The Agency is schedule to borrow \$2,000,000 from the General Fund during FY 2008-09, and then repay this loan during the 2008-09 and 2009-10 fiscal years. The loan proceeds are needed to fund non-housing redevelopment projects. The City and Agency could extend the repayment

schedule and make principal and interest payments over a 5 to 10 year period, or only pay annual loan interest expenses over a 5 to 10 year period, and then make a lump sum principal payment.

- Require site specific building and/or infrastructure improvement program participants to provide additional matching funds or lower the amount per project assistance the Agency provides. Staff previously recommended a minimum of a 25% owner participation level and a maximum per case participation amount of \$75,000. With a 25% owner match, this would facilitate \$100,000 of improvements.
- Limit funding to only curb, gutter and sidewalk and/or other public infrastructure improvements.
- Require site specific building and/or infrastructure improvement program participants to first qualify their projects per the attached Questionnaire for Applicants of Redevelopment Agency Funding. If their proposal does not adequately address the items presented in the Questionnaire, then the proposal would not be accepted.
- Provide staff with alternate direction.