

Mid-Term Review of the Five Year Implementation Plan (2007-2012) for the
Southeast Coastal Redevelopment Project



Redevelopment Agency of the City of Huntington Beach
Huntington Beach Civic Center
2000 Main Street
Huntington Beach, CA

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ACKNOWLEDGEMENTS

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INTRODUCTION

On December 17, 2007, the Huntington Beach Redevelopment Agency (Agency) adopted a Five-Year Implementation Plan (“Implementation Plan” or “Plan”) for the Southeast Coastal Redevelopment Project. The Implementation Plan covers fiscal year 2007/2008 through 2011/2012. Section 33490 of the California Health requires agencies, at least once within the five-year implementation plan term, to conduct a public hearing for the purpose of reviewing the redevelopment plan and the corresponding implementation plan and evaluating the progress of the redevelopment project area.

The Project Area was established to upgrade and revitalize a 172-acre area in southeast Huntington Beach. The Project Area includes the AES Power Generating Facility, the Ascon landfill site, a fuel oil storage facility (tank farm), and other industrial as well as open space uses.

The Project Area time limitations are as follows:

<u>Adopting Ordinance</u> Southeast Coastal Ord. 3561	<u>Adoption Date</u> June 17, 2002	<u>Termination Date</u> June 17, 2032
<u>Eminent Domain Authority</u> June 17, 2014	<u>Time frame to Incur Indebtedness</u> July 17, 2022	
<u>Bonded Indebtedness Amount</u> \$50 million outstanding at any time	<u>Time frame to Incur Indebtedness</u> June 17, 2047	

The Project Area is generally located north of Pacific Coast Highway, south of Hamilton Avenue, east of Newland Street, and west of Magnolia Street. A map depicting the boundaries of the Project Area is presented in Exhibit A.

PROJECT AREA BACKGROUND

The City of Huntington Beach (“City”) has focused on the revitalization and proactive planning of the Southeast section of the City. The City Council created the Southeast Area Committee (“SAC”) in December 2000, which consists of a three member subcommittee of the City Council. The SAC provides a forum for citizens and City employees to discuss the issues and projects to improve the southeast area of the City. The SAC was instrumental in the formation of the Southeast Coastal Redevelopment Plan and continues to provide guidance on issues affecting the Project Area. On August 3, 2009 the City Council authorized the transfer of responsibility for issues related to Ascon Landfill to SAC.

The Agency adopted the Redevelopment Plan for the Project Area to address the environmental impacts of the closed Ascon landfill, and assist in creating a more efficient, less visually obtrusive AES Power Generating Facility or guide the future use of the site if the plant is no longer needed.

Exhibit A



SPECIFIC PROGRAMS AND PROJECTS

The Implementation Plan was created to eliminate physical and economic blight, create affordable housing, and address environmental concerns in the Project Area. The Project Area's Redevelopment Plan identified 12 goals that would remediate blight in the Project Area once accomplished. The Agency has been active in remedying blighting conditions within the Project Area during the first three years of the 2007-2012 Five Year Implementation Plan; however, limited tax increment revenue generated within the Project Area has impacted the full implementation of such goals. Since the Implementation Plan's adoption, the Agency has accomplished the following items:

Goal 1: To assist with screening, design, or environmental improvements to mitigate impacts on adjoining neighborhoods and environmentally sensitive areas associated with modernization and reconstruction of the AES power generating plant.

- The Agency is working with AES to ensure that landscaping and painting upgrades to the site are accomplished.
- The landscaping and painting upgrades were completed in 2010. AES is moving into phase two of the painting, repairing and recoating areas that need attention.



Goal 2: To advance the cleanup of environmentally contaminated properties.

Ascon Landfill Site:

- Work on the Interim Removal Measure (IRM) at the Ascon Landfill Site began mid July 2010. The project included removal and disposal, or, if feasible, recycling of the tarry materials from two interior lagoons in the southwest zone of the Ascon site that received oil production waste during the landfill's operation (1938 – 1984). The purpose of this action is to enable assessment of the materials within and underneath the tarry materials in Lagoons 1 and 2. A more complete assessment of Lagoons 1 and 2 will allow for an informed remedial construction effort during the final remedy in a manner that is protective of public health and safety and the environment. Findings of the

IRM will be included in a final report for the project and integrated into the Draft Environmental Impact Report preparing for the final remedy.

- By the end of October 2010, more than 40,000 tons of waste material had been removed without incident, and in compliance with regulatory requirements established by the California Department of Toxic Substances Control (DTSC) and South Coast Air Quality Management District (SCAQMD).
- Additional oversight for the project's fire protection measures were provided by the Huntington Beach Fire Department, and storm water control measures were inspected by the City of Huntington Beach public works department. The IRM also received an approved Coastal Development Permit (CDP) from the City, with permits for onsite grading, haul route and traffic management during the work. The fee for the CDP and a deposit with the public works department provides cost recovery for City time spent on the project.
- Project completion and demobilization is anticipated to conclude in the first quarter of 2011.
- Agency financial assistance was not used for this item, as the cleanup is privately funded and under the direction of DTSC.

Goal 3: To facilitate the reuse of other Project Area properties including the AES and tank farm properties, by monitoring and assisting hazardous material cleanup activities and ensuring that any ultimate development is compatible with surrounding neighborhoods and properties.

- The Agency is working with AES to ensure the removal of the tanks located on the northern portion of the AES site. A project has been proposed for this site by Poseidon Resources, LLC consisting of the construction and operation of a 50 million gallon per day seawater desalination facility. In September of 2010, the City and Poseidon Resources, LLC signed an Exchange Agreement/Lease Agreement for separate properties that AES and the City own adjacent to the site proposed for the seawater desalination project. As this project is developed, the contaminated tanks will be removed.

Goal 4: To facilitate the protection and restoration of environmentally sensitive wetlands in connection with proposed redevelopment activities.

- Magnolia Marsh Restoration Project is a project conducted by the Huntington Beach Wetlands Conservancy within the Southeast Coastal Project Area. Magnolia Marsh is located between Magnolia Street and the AES power plant. Restoration of the marsh began in April 2009, and recreation of the historical marsh channels and restoration of full tidal influence were completed in March 2010. Public access features include an elevated observation deck over a tidal lagoon, a boat dock for on-the-water tours, and an interpretive trail system. The project received \$3.3 million in federal stimulus funds. The Agency will continue to work cooperatively with the Huntington Beach Wetlands Conservancy.



Magnolia Marsh Restoration Project

Goal 5: To permit the Agency to assist with park and trail improvements if any Project Area properties are designated for such uses.

- Orange Coast River Park (OCRP) represents an opportunity for the City to link its parks through a system of trails to other parks and trails throughout the County of Orange. To this end, the Community Services Commission approved adding a 1.18 acre parcel at the southeast corner of Magnolia and Banning to the park inventory list. The parcel is located adjacent to the Huntington Beach Channel which links up to the Talbert Channel. Should OCRP's goal of using service roads adjacent to the flood channels as a trail system move forward, this area could be converted to serve as a respite for walkers or bikers.
- An estimate for Agency participation has not been determined.

Goal 6: Undertake public improvements in, and of benefit to, the project area, such as streets, flood control facilities, and other public facilities.

Magnolia Street Sidewalk and Lighting Project:

- The Agency worked cooperatively with Public Works staff to design, bid and fund a sidewalk and pedestrian lighting project on both sides of Magnolia Street. This project improved the pedestrian environment for Magnolia. The project included construction of curbs & gutters, sidewalks, and street lighting along Magnolia Street from PCH to the Huntington Beach Channel.
- Design was completed in Fiscal Year 05/06; however, construction was delayed due to environmental review process.
- Project construction was completed in February 2009.
- Agency assistance to the project was \$640,000



Magnolia Street Sidewalk and Lighting Project

Newland Street Widening Project:

- Widening Newland Street from Pacific Coast Highway to Hamilton Avenue, widening of the reinforced concrete bridge at Huntington Channel, installation of storm drain improvements in Newland Street, and raising the profile of Newland Street to improve traffic visibility.
- Project was completed in November 2009.

The Edison Park Master Plan Project:

- The Edison Park Master Plan proposes to reconfigure existing open space areas, add recreational amenities, reconfigure and expand the existing parking facility, construct a new parking facility, install new landscape and hardscape improvements, and install four practice soccer fields and a multi-purpose field. The master plan is proposed to be carried out in four phases of construction over eight years. The construction plans for the first phase were completed and went out for bid in 2010. Subsequent phases of project are contingent on availability of California State Grant funds.

Goal 7: To ensure that Project Area revenues are pledged to projects that directly benefit the area, and that the Project Area remains separate and distinct from the Agency's existing Huntington Beach Merged Redevelopment Project Area.

- Agency administrators and City Finance staff have ensured the separate accounting of revenue and expenditures for the Project Area.
- On September 20, 2010 the Agency entered into an Amended and Restated Owner Participation Agreement (OPA) with Poseidon Resources, LLC for the construction and operation of a seawater desalination plant located in the Project Area. The OPA sets the minimum amount of the assessed value at \$200,000,000.
- The Agency is working with the State Board of Equalization regarding the land

value of the AES plant.

Goal 8: To restrict the use of eminent domain to any non-fee ownership interests such as oil and gas leases.

- The Agency's eminent domain policy will be adhered to; and recently, pursuant to Senate Bill 53, the Agency adopted an Ordinance amending the Redevelopment Plan for the Project Area by restating the Agency's policy on the use of eminent domain and the restriction to non-fee ownership interests only.

Goal 9: Eliminating blight and environmental deficiencies in the Project Area.

- In September of 2010, the City and Agency took several actions which may facilitate the redevelopment of approximately 19.5 acres for the Poseidon Seawater Desalination Project within the Project Area. Action taken include:
 - Certifying the Final Subsequent Environmental Impact Report
 - Approved the Entitlement Plan Amendment and Tentative Parcel Map
 - Approved the Amended and Restated Owner Participation Agreement
 - Approved an Exchange Agreement/Lease Agreement
- The proposed project has the potential to address the blight in the Project Area, specifically:
 - Unsafe/Unhealthy Buildings,
 - Factors Hindering the Economically Viable Use of Lots,
 - Incompatible Uses, and
 - Impaired Investments.

Goal 10: Assembling of land into parcels suitable for modern, integrated development with improved pedestrian and vehicular circulation in the Project Area.

- The Agency will continue to explore opportunities for acquisition of land that can be assembled to create efficient development and will assist with the circulation of residents and visitors through the Project Area.

Goal 11: Replanning, redesigning, and developing properties, which are stagnant or improperly utilized.

- The project proposed by Poseidon Resources, LLC for a seawater desalination plant will address the issue of stagnant property values as well as redeveloping an underutilized property.

Goal 12: Increasing, improving, and preserving the community's supply of housing affordable to very low, low and moderate income households.

- The Agency will continue contributing 20% of the Project Area's tax increment revenue to the low to moderate income housing fund for the Agency. No residential uses are located in the Project Area; however based on a finding of benefit the Agency can distribute the low to moderate housing set aside revenue from the Project Area throughout the City.

Goal and Objectives for 2011 and 2012

The long term nature of projects such as AES, Ascon Landfill and Poseidon as well as the limited tax increment available to the project area make it difficult to complete many of these goals within a five year time frame. During the remainder of this Five Year Implementation plan period, the Agency will continue to progress towards accomplishing these goals by:

- Continuing to gather public input through the Southeast Area Committee
- Actively pursuing appropriate assessment of land values for AES property
- Continue to work with property owners towards environmental remediation
- Work with the owners of the tank farm to redevelop the property

AGENCY FINANCIAL STATUS REPORT

The Agency received no gross tax increment revenue over the base value of \$103,733,755 during the first three years of this five year implementation planning period. The projections for the remaining two years also indicate minimal additional tax increment revenue, limiting the Agency's ability to carry out future projects in the area. Over the remainder of the planning period, Agency staff will continue to pursue appropriate assessment of land values for properties within the project area.

The Magnolia Street Sidewalk and Lighting Project was completed during this planning period at a total cost including design, construction and construction management of \$640,000. Project area funds were used for this project.

AFFORDABLE HOUSING PLAN

The Affordable Housing Plan requirement of this Implementation Plan is provided in the Affordable Housing Strategy that aggregates the affordable housing funds for both the Southeast Coastal Project Area and the Huntington Beach Merged Project Area. The Housing Component for the 2007 to 2012 Five-Year Implementation Plan is covered by the Affordable Housing Strategy. The Affordable Housing Strategy will be updated in 2011.

Administration of the Implementation Plan

A new Implementation Plan will be produced every five years either in conjunction with the housing element cycle or the implementation plan cycle.

Implementation Plan Adoption Process

Each Implementation Plan must be presented and adopted at a duly noticed public hearing of the Agency. Notice of the public hearing must be conducted pursuant to this Section 33490 of the Law. The Notice must be published pursuant to Section 6063 of the Government Code, mailed at least three weeks in advance to all persons and agencies that have requested notice, and posted in at least four permanent places within the Project Area for a period of three weeks. Publication, mailing, and posting shall be completed not less than 10 days prior to the date set for hearing. The Agency may amend the Implementation Plan at any time after conducting a public hearing on the proposed amendment.

Mid-Term Implementation Plan Review Process

At least once within the five-year term of the Implementation Plan, the Agency must conduct a public hearing and hear testimony of all interested parties for the purpose of reviewing the redevelopment plan and the corresponding implementation for each redevelopment project. This hearing must take place no earlier than two years and no later than three years after the adoption of the Implementation Plan.