

Five Year Implementation Plan (2007-08 to 2011-12)
Southeast Coastal Redevelopment Project



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

December 17, 2007



ACKNOWLEDGEMENTS

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INTRODUCTION

This Five-Year Implementation Plan (“Implementation Plan” or “Plan”) describes specific goals and objectives of the Huntington Beach Redevelopment Agency (“Agency”), specific proposed programs including potential projects, estimated expenditures proposed to be made during the next five years, and an explanation of how the goals and objectives, programs, and expenditures will eliminate blight within the Southeast Coastal Redevelopment Project Area (“Project Area”). Pursuant to Section 33490(a) of the Health and Safety Code, California Community Redevelopment Law (“Law”), all redevelopment plans adopted on or after January 1, 1994 must include an implementation plan that is to be updated every five years.

This Implementation Plan conforms to the requirements of Section 33490 of the Law and replaces the previous Five-Year Implementation Plan, which covered fiscal years 2002-03 through 2006-07. This Implementation Plan is the second five year plan completed by the Agency and must be adopted before December 31, 2007. Amendments to the Plan may be made at this time, or any time after a noticed public hearing.

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.

Exhibit A



Huntington Beach
Southeast Coastal Area
City of Huntington Beach

0 200 400 600
Feet

Information Services Department
100 City Hall
Huntington Beach, CA 92648
November 2007

CAUTION
UNAPPROVED THIS MAP

THIS MAP IS A PRELIMINARY DRAFT AND IS NOT TO BE USED FOR CONSTRUCTION OR OTHER PURPOSES WITHOUT THE WRITTEN APPROVAL OF THE CITY OF HUNTINGTON BEACH. THE CITY OF HUNTINGTON BEACH IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS IN THIS MAP.

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.

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.

ASCON LANDFILL SITE

The City has been pursuing environmental remediation and reuse of the contaminated Ascon landfill site ("Ascon landfill" or "Landfill"), which is located at the southwest corner of Magnolia Street and Hamilton Avenue. This 38-acre site operated as an active landfill for 46 years and suffers from severe contamination. Contamination on the site can be attributed to both oil drilling operations and landfill operations. The Department of Toxic Substances Control ("DTSC") has identified drilling muds, wastewater brines, chromic acid, sulfuric acid, aluminum slag, fuel oils, and styrene at the Landfill. Remediating the site is very costly and some of the parties responsible for the contamination issues have refused to participate in the remediation planning and implementation. However, the site's environmental conditions are being addressed by several other parties under agreements with the California Department of Toxic Substances Control.

AES Huntington Beach Generating Station

The AES Generating Station was another major reason the Agency adopted the Redevelopment Plan for the Project Area. The AES Power Generating Facility ("AES Facility" or "AES") consists of 12-acres at 21730 Newland Street near the southeast corner of Newland Street and Pacific Coast Highway. The Facility is only approximately 600 feet from the Pacific Ocean and represents a major source of air pollution in the Project Area and a visual impediment in the Project Area. Despite approximately \$150 million in necessary improvements to expand the Facility's capacity in 2001, the Facility is inefficient and continues to create significant air pollution.

The environmental issues present on these two properties were the main reason for adopting the Project Area. These properties have also had a significant negative impact on the assessed values for single family homes, commercial and industrial properties within the immediate vicinity. The impact of these properties is especially evident when the assessed values of similar coastal properties are compared to the properties immediately surrounding the Landfill and the AES Facility.

PROJECT AREA GOALS AND OBJECTIVES

This Implementation Plan is 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 the following goals that would remediate blight in the Project Area once accomplished:

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.

GOAL 2:

To advance the cleanup of environmentally contaminated properties.

GOAL 3:

To facilitate the reuse of other Project Area properties including the Edison 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.

GOAL 4:

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

GOAL 5:

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

GOAL 6:

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

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.

GOAL 8:

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

GOAL 9:

Eliminating blight and environmental deficiencies in the Project Area.

GOAL 10:

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

GOAL 11:

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

GOAL 12:

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

The Agency has implemented projects and activities to eliminate blight in the Project Area and address these goals. The following section will detail specific programs, activities and projects that the Agency has implemented; and that the Agency proposes to implement during this Implementation Plan period (2007-08 to 2011-12).

SPECIFIC PROGRAMS AND POTENTIAL PROJECTS

The Agency documented blighting conditions in 2002 with the adoption of the Report to Council, which accompanied the Redevelopment Plan for the Project Area. The physical and economic blighting conditions include the following:

- **Unsafe/Unhealthy Buildings:** Though operation of the AES Facility has continued to be permitted due to power shortages, excessively high emissions at the AES generating facility pose health risks to surrounding residents and nearby habitat.
- **Factors Hindering the Economically Viable Use of Lots:** Two main focus areas for redevelopment that are representative of this blighting condition are the AES Facility and the Ascon landfill.
 - Due to the energy shortage for the past decade, the AES Facility was unable to proceed with plans to demolish and reconstruct a more efficient power generating facility, and the existing 44 year old plant will remain in operation until 2017,
 - The Ascon Landfill Site cannot be fully redeveloped until environmental remediation occurs. A Remedial Action Plan is being developed and will be approved by California Department of Toxic Substances Control.
- **Incompatible Uses:** The Ascon landfill and AES Facility have a negative effect on residential resale values in the immediate area.
- **Impaired Investments:** Due to the presence of the Ascon landfill properties immediately surrounding the Landfill have suffered from lower property values.

The Agency developed twelve (12) goals to address these blighting conditions. The Agency has been extremely active in remediating blighting conditions within the Project Area during the previous Five Year Implementation Plan; however, limited tax increment revenue generated within the Project Area has impacted the full implementation of such goals.

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 are expected to be completed by late 2008.
- Agency financial assistance is not expected for this item.

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

Ascon Landfill Site:

- The Landfill is listed on the State Superfund list of toxic/hazardous waste sites; however, no State or Federal funds are presently available for environmental remediation of the Landfill. The Agency is working with DTSC and the seven (7) responsible parties to see to the successful implementation of the consent order from January, 2003. This agreement presented a completion schedule for investigation of environmental hazards at the Landfill and remediation.
- The remediation of the Landfill is expected to be a Partial Source Removal with a Protective Cap. The construction time for the recommended alternative remedial plan is reported in the Revised Feasibility Study approved by the California Department of Toxic Substances Control in the third quarter of 2007 to take between 27 and 42 months. Remediation work cannot begin until after a Remediation Action Plan and an Environmental Impact Report have been prepared. The departments of Public Works, Fire and Planning are currently reviewing the Feasibility Study for the site. A community meeting will be conducted to present the selected remediation alternative. It is unknown when the cleanup process can begin; however, it is expected that environmental remediation activities will occur throughout the entire five (5) year period of this Implementation Plan.
- Agency financial assistance is not expected for this item.

Goal 3: To facilitate the reuse of other Project Area properties including the Edison 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 actively working with Edison to ensure the tanks are sold to a third party operator, and the Agency is also actively coordinating with the Public Utilities Commission to request low usage levels and reasonable controls are established before the plant is transferred to a new operator. The City's Planning Department has requested that certain requirements be in place before Edison demolishes the tanks. Edison is contesting the requirements that are being applied to its demolition permits. The Agency is also assisting with the issues concerning easements for this property.
- The demolition of the tanks is expected to occur over a 12 month timeframe; however, Edison is contesting the City's requirements for the demolition permit. Completion of demolition and clearing of the site is expected in 2009.
- Agency financial assistance is not expected for this item.

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

- Wetlands & Wildlife Care Center of Orange County received a \$270,000 grant to assist with the construction of a block wall and the landscaped setback area required for the renovation of its facility. The Conservancy expanded its facility for a state-of-the-art wildlife treatment hospital; a recovery ward; flight cages; an education facility; and exhibits. The Agency will continue to work cooperatively with the Wetlands & Wildlife Care Center.

- The construction of the wall and landscaping has beautified the Pacific Coast Highway frontage and was finished in October 2006.
- Agency assistance to this project was \$270,000. No additional Agency financial assistance is anticipated for this item.

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 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.
- The anticipated timeline for this item will be ongoing through the five years of this Implementation Plan (2007 to 2011).
- 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.

- The Agency worked cooperatively with Public Works staff to design and bid a sidewalk and pedestrian lighting project on both sides of Magnolia Street. This project will improve the pedestrian environment for Magnolia. The project includes 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.
- An estimate for this project is \$560,000.
- Project is expected to be completed by 2009.

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.

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.

- The Agency is presently working on projects and programs that will address the blight in the Project Area, specifically:
 - Unsafe/Unhealthy Buildings,
 - Factors Hindering the Economically Viable Use of Lots,
 - Incompatible Uses, and

o 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 Agency will continue addressing development issues for properties that exhibit impaired investments and are experiencing stagnant property values, such as the Ascon Landfill, after it is remediated.

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.

AGENCY FINANCIAL STATUS REPORT

These tax increment revenue projections are conservatively based on a 2% Projected Growth Rate. The "Remaining Balance for Agency Administration and Projects" excludes statutory pass through payments to affected taxing entities. The Agency is projected to receive \$202,980 in gross tax increment in Fiscal Year 2007-08. After disbursements to taxing entities and the 20% housing set-aside deposit, the Agency is projected to retain \$121,788 in net tax increment which may be utilized to address the Agency's stated redevelopment goals through various projects and programs identified in this Implementation Plan.

The following table presents a projection of tax increment revenue for the Project Area:

SOUTHEAST COASTAL REDEVELOPMENT PROJECT AREA
 PROJECTED TAX INCREMENT REVENUE

Fiscal Years	Projected Growth Rate	Total Assessed Value	Gross Tax Increment 1%	Low & Mod. Housing Set-Aside 20%	Tax Increment Excluding Low/Mod. Set Aside	Total 33607.5 Statutory Payments	Remaining Balance for Agency Admin. & Projects
Base Year 2001-02		103,733,755					
2007 - 2008	2%	124,031,724	202,980	40,596	162,384	40,596	121,788
2008 - 2009	2%	124,355,042	206,213	41,243	164,970	41,243	123,728
2009 - 2010	2%	124,684,826	209,511	41,902	167,609	41,902	125,706
2010 - 2011	2%	125,021,205	212,875	42,575	170,300	42,575	127,725
2011 - 2012	2%	125,364,313	216,306	43,261	173,044	43,261	129,783

The following table presents projected revenue and expenditures for the five (5) year period covering this Implementation Plan. The Agency adopts its budget on an annual basis; as such, actual revenues and expenditures may differ from those forecasts presented in this Implementation Plan and are therefore subject to change.

- Future tax increment revenues were projected based on a 2% increase in the secured assessed value in the Project Area.
- Interest earnings were estimated based on net revenues and beginning fund balances.
- Taxing agency payments from the non-housing fund have been calculated pursuant to Section 33607.5 of the Law.
- Capital project costs were obtained from project estimates.

PROJECTED REVENUE AND EXPENDITURES SOUTHEAST COASTAL PROJECT AREA	Actual 2006-07	Budgeted 2007-08	Projected 2008-09	Projected 2009-10	Projected 2010-11	Projected 2011-12	Projected 5 Year Total
Beginning Cash Balance (including reserves)	\$612,419	\$503,205	\$1,112,586	\$1,174,154	\$1,808,154	\$2,454,833	
Revenues							
Tax Increment Revenue (100% of Gross)	\$166,478	\$169,808	\$173,204	\$176,668	\$180,201	\$183,805	\$883,685
Tax Increment Transfer Out from Debt Service	32,172	\$32,815	\$33,472	\$34,141	\$34,824	\$35,520	170,773
Interest Income	23,094	\$23,556	\$24,027	\$24,508	\$24,998	\$25,498	122,586
TOTAL	\$221,744	\$226,179	\$230,702	\$235,317	\$240,023	\$244,823	\$1,177,044
Equity Beginning	\$493,590	\$503,462	\$513,531	\$523,802	\$534,278	\$544,963	2,620,035
TOTAL AVAILABLE FUNDS	\$1,327,753	\$1,232,846	\$1,856,819	\$1,933,272	\$2,582,454	\$3,244,620	\$10,850,011
Operations & Debt Service Costs							
Debt Service & Trustee Fees	\$474,885	\$31,428	\$32,057	\$32,698	\$33,352	\$34,019	\$163,553
Taxing Agency Pass Through Payments	31,427	40,596	\$41,408	\$42,236	\$43,081	\$43,942	211,263
Administration, Professional Services	48,236	48,236	\$49,201	\$50,185	\$51,188	\$52,212	251,022
TOTAL	\$554,548	\$120,260	\$122,665	\$125,119	\$127,621	\$130,173	\$625,838
FUNDS AVAILABLE FOR PROJECTS	\$773,205	\$1,112,586	\$1,734,154	\$1,808,154	\$2,454,833	\$3,114,447	\$10,224,173
Projects & Programs Costs							
Capital Improvement Project (Wildlife Conserv. & Magnolia Street Improvements)	270,000	-	560,000	-	-	-	560,000
TOTAL	\$270,000	\$0	\$560,000	\$0	\$0	\$0	\$560,000
TOTAL COSTS	\$824,548	\$120,260	\$682,665	\$125,119	\$127,621	\$130,173	\$1,185,838
FUND BALANCE SURPLUS/(SHORTFALL)						\$3,114,447	\$9,664,173
Ending Cash Balance	\$503,205	\$1,112,586	\$1,174,154	\$1,808,154	\$2,454,833	\$3,114,447	\$9,664,173

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 2007-08 to 2011-12 Five-Year Implementation Plan is covered by the Affordable Housing Strategy.

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.