



AGENDA

SPECIAL EL CERRITO MUNICIPAL SERVICES CORPORATION MEETING

Tuesday, May 1, 2012

Immediately Following the Adjournment of the 7:00 p.m. Regular City Council Meeting

City Council Chambers

Meeting Location

El Cerrito City Hall
10890 San Pablo Avenue, El Cerrito

Bill Jones – Chairperson

Vice Chairperson Greg Lyman
Boardmember Rebecca Benassini
Boardmember Scott Hanin

Boardmember Janet Abelson
Boardmember Ann Cheng
Boardmember Karen Pinkos

ROLL CALL

CONVENE SPECIAL MUNICIPAL SERVICES CORPORATION MEETING

1. BOARD / STAFF COMMUNICATIONS *(Reports of Closed Session and informational reports on matters of general interest which are announced by the Municipal Services Corporation Board Members and Staff.)*

2. ORAL COMMUNICATIONS FROM THE PUBLIC

All persons wishing to speak should sign up with the Board Secretary. Remarks are limited to 3 minutes per person. Please state your name and city of residence for the record. Comments regarding non-agenda, presentation and consent calendar items will be heard first. Comments related to items appearing on the Public Hearing or Policy Matter portions of the Agenda are taken up at the time the Municipal Services Corporation Board deliberates each action item. Individuals wishing to comment on any closed session scheduled after the regular meeting may do so during this public comment period or after formal announcement of the closed session.

3. PRESENTATIONS – None

4. ADOPTION OF THE CONSENT CALENDAR – Item No. 4A

Consent Calendar items are considered to be routine by the Municipal Services Corporation Board and will be enacted by one motion unless a request for removal for discussion or explanation is received prior to the time the Board votes on the motion to adopt.

A. Minutes for Approval

Approve the: March 6, 2012 Special Municipal Services Corporation meeting minutes.

5. POLICY MATTERS

Approval of the Proposed Revitalization Grant Program, an Amendment to Fiscal Year 2011–12 Budget, and the Proposed Fiscal Year 2012–13 Budget

Adopt two resolutions approving: (1) the proposed Revitalization Grant Program and an amendment to the FY 2011-12 Budget; and (2) the Corporation's Proposed FY 2012-13 Budget.

6. ADJOURN SPECIAL MUNICIPAL SERVICES CORPORATION MEETING

- Municipal Services Corporation Board Meetings can be heard live on FM Radio, KECG – 88.1 and 97.7 FM and viewed live on Cable TV - KCRT- Channel 28. The meetings are rebroadcast on Channel 28 the following Thursday and Monday at 12 noon, except on holidays. Live and On-Demand Webcast of these meetings can be accessed from the City's website: <http://www.el-cerrito.org/gov/>. Copies of the agenda bills and other written documentation relating to items of business referred to on the agenda are on file and available for public inspection in the Office of the City Clerk, at the El Cerrito Library and posted on the City's website at www.el-cerrito.org prior to the meeting.
- In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk, (510) 215-4305. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 ADA Title I).
- ***The Deadline for agenda items and communications*** is seven days prior to the next meeting by 12 noon, City Clerk's Office, 10890 San Pablo Avenue, El Cerrito, CA. Tel: 215–4305 Fax: 215–4379, email cmorse@ci.el-cerrito.ca.us
- The Board believes that late night meetings deter public participation, can affect the Board's decision-making ability, and can be a burden to staff. Board meetings shall be adjourned by 10:30 p.m., unless extended to a specific time determined by a majority of the Board.



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Bill Jones – Chairperson

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ROLL CALL

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3. PRESENTATIONS – None

4. ADOPTION OF THE CONSENT CALENDAR – Item No. 4A

Consent Calendar items are considered to be routine by the Municipal Services Corporation Board and will be enacted by one motion unless a request for removal for discussion or explanation is received prior to the time the Board votes on the motion to adopt.

A. Minutes for Approval

Approve the: February 6, 2012 Special Municipal Services Corporation meeting minutes.

5. POLICY MATTERS

Approval of the Proposed Revitalization Grant Program, an Amendment to Fiscal Year 2011–12 Budget, and the Proposed Fiscal Year 2012–13 Budget

Adopt two resolutions approving: (1) the proposed Revitalization Grant Program and an amendment to the FY 2011-12 Budget; and (2) the Corporation's Proposed FY 2012-13 Budget.

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EL CERRITO MUNICIPAL SERVICES CORPORATION

MINUTES

SPECIAL EL CERRITO MUNICIPAL SERVICES CORPORATION MEETING

Tuesday, March 6, 2012

Immediately Following the Adjournment of the 7:00 p.m. Regular City Council Meeting

City Council Chambers

Meeting Location

El Cerrito City Hall
10890 San Pablo Avenue, El Cerrito

Bill Jones – Chairperson

Vice Chairperson Greg Lyman
Boardmember Rebecca Benassini
Boardmember Scott Hanin

Boardmember Janet Abelson
Boardmember Ann Cheng
Boardmember Karen Pinkos

ROLL CALL

Directors Abelson, Benassini, Cheng, Hanin, Lyman, Pinkos and Chair Jones all present.

CONVENE SPECIAL MUNICIPAL SERVICES CORPORATION MEETING

Chairperson Jones convened the Special Municipal Services Corporation meeting at 8:44 p.m.

1. **BOARD / STAFF COMMUNICATIONS** – No comments.

2. **ORAL COMMUNICATIONS FROM THE PUBLIC**

Al Miller, El Cerrito, stated that he is in favor of actions taken this evening to cast votes on ballots for the 2012 Clean Water Program Initiative [Consent Calendar Item No. 4B]. Mr. Miller reported that after a long history of involvement in local revenue measures and elections he has never seen such vituperative and acidic responses from the community to a measure as in this election. Mr. Miller said there has been a failure in outreach by the County and noted the impacts to the city if the measure does not pass.

3. **PRESENTATIONS** – None

4. **ADOPTION OF THE CONSENT CALENDAR – Item Nos. 4A and 4B**

Moved, seconded (Abelson/Pinkos) and carried unanimously to adopt Consent Calendar Item Nos. 4A and 4B in one motion as indicated below.

A. **Minutes for Approval**

Approve the: February 21, 2012 Special Municipal Services Corporation meeting minutes.

Action: Approved minutes.

B. Authorization to Cast Ballots for the 2012 Clean Water Program

Adopt a Municipal Services Corporation resolution authorizing the Executive Director to cast ballots for the 2012 Community Clean Water Initiative in the affirmative for all parcels owned by the Corporation, and to submit those ballots to the proper authority by April 6, 2012.

Action: Adopted Municipal Services Corporation Resolution 2012–06.

5. **POLICY MATTERS** – None

6. **ADJOURNED SPECIAL MUNICIPAL SERVICES CORPORATION MEETING** at 8:52 p.m.

***El Cerrito
Municipal Services Corporation***

**Agenda Report
Item No. 5**

Date: May 1, 2012
To: El Cerrito Municipal Services Corporation Board
From: Lori Treviño, City Economic Development Manager
Mary Dodge, Chief Financial Officer
Subject: Approval of the proposed Revitalization Grant Program and grant awards
Amendment to FY 2011-12 Budget
Proposed FY 2012-13 Budget

ACTION REQUESTED

Adopt two resolutions approving: (1) the proposed Revitalization Grant Program, grant awards, and an amendment to the FY 2011-12 Budget; and (2) the Corporation's Proposed FY 2012-13 Budget.

BACKGROUND

The purpose of the El Cerrito Municipal Services Corporation ("Corporation") is to benefit and support the City of El Cerrito ("City") and the El Cerrito Redevelopment Agency ("Agency"), by lessening the burden of government by pursuing projects and programs that create, support, and retain a strong and diverse economic base; provide housing and employment opportunities; increase sales and property tax revenue; and provide desired goods and services to the community.

The most significant role of the Corporation is responsibility for economic development and redevelopment projects and programs on behalf of the City and Agency. In particular, the Corporation's activities implement the Agency's goals and objectives within the City of El Cerrito Redevelopment Project Area ("Project Area") as described in the Agency's Redevelopment Plan ("Redevelopment Plan") and Five-Year Implementation Plan.

The Corporation's implementation responsibilities and the Agency's corresponding funding obligations are contained in the Public Improvement and Cooperation Agreement for the City of El Cerrito Redevelopment Project Area ("Cooperation Agreement"). The Agency has agreed to provide the Corporation with the funds necessary for such activities and projects from the Agency's available resources, including tax increment funds allocated to the Agency. The Corporation may use other funding sources for these and other activities.

DISSOLUTION LEGISLATION

On February 1, 2012, State budget legislation for FY 2011-12 known as AB1x26 ("Dissolution Act") dissolved the Agency and replaced it with the Successor Agency to the El Cerrito Redevelopment Agency ("Successor Agency"), which is responsible for

paying the Agency's debts and funding its obligations. Through the Cooperation Agreement, the Agency was obligated to fund the Corporation's completion of the Agency's projects and programs. The Successor Agency included the Cooperation Agreement on its schedule of recognized obligations, but the final approval of the schedule will not be known prior to the adoption of the Corporation's budget. The Corporation's revenues rely on the Successor Agency funding the Agency's obligations under the Cooperation Agreement. As such, the proposed FY 2012-13 Budget may need to be reviewed early in the fiscal year to account for the outcome of the dissolution process.

REVIEW OF FY 2011-12 AND USE OF RESERVES

Overall, the Corporation's revenues in FY 2011-12 were greater than expected. Lease revenue from the Cerrito Theater is exceeding the budget due to the percentage rent paid by Rialto Cinemas being greater than anticipated. Upon receipt by the Agency of its tax increment revenue in December, the Agency determined the amount of funding for the Cooperation Agreement based on the tax increment not already been committed. The payment was somewhat lower than the original amount requested and was not received prior to the end of December. The Corporation also received an unanticipated fee paid for the assignment of an option on a piece of property to a developer.

The Corporation limited expenditures during the first half of the fiscal year due to the uncertainty regarding funding from the Agency. During the second half of the fiscal year, the Corporation increased its consulting budget for a staffing contract with the City to reactivate the Corporation and manage its priority programs and projects; awarded a grant for public safety radios; maintained and leased land held; explored development opportunities; and made progress on maintenance and improvement obligations at the Cerrito Theater.

The Corporation has a significant fund balance, primarily from receipt of the assignment fee, a one-time payment received during FY 2011-12. However, the Corporation's FY 2012-13 funding under the Cooperation Agreement is at risk due to the uncertainty about the outcome of the redevelopment agency dissolution process currently underway statewide. While the Successor Agency has included the Cooperation Agreement on its schedule of recognized enforceable obligations, which has been approved by the Oversight Board to the Successor Agency, the California Department of Finance has yet to do so. This uncertainty also affects the City of El Cerrito, which relies on the Corporation for funding projects and programs, as well as for payment of its costs associated with serving as the fiduciary and administrative agent for the Corporation. Given that two thirds of the Corporation's FY 2011-12 revenues are from sources unrelated to the Cooperation Agreement, and therefore not at risk, the Corporation is in a position to fund its commitments to the City for FY 2012-13 from those sources.

Included in the projections for FY 2011-12 is a grant to the City of \$1,007,000, an amount roughly equivalent to the funds at risk to the City for the next fiscal year. The City has committed to using these funds for ongoing economic development programs and other uses that are consistent with Corporation's charitable and public purpose. These funds are currently uncommitted and should they not be needed, they will be

returned to the Corporation or directed to a purpose consistent with the mission of the Corporation.

PROJECTS AND PROGRAMS

The proposed FY 2012-13 Operating Budget provides funding of economic development programs, grants for projects and programs that benefit the El Cerrito community, initiation of efforts to develop the Corporation's properties, lease obligations for improvements and maintenance of the Cerrito Theater, and administrative expenses, as well as maintaining a fund balance to sustain operations while funding is uncertain.

The Corporation's focus in FY 2012-13 is proposed to support the City's efforts to facilitate transit-oriented and infill development, attract and retain businesses, promote public safety, and improve public facilities. More specifically, those City efforts would include:

- Completion and implementation of the City's San Pablo Avenue Specific Plan, with economically feasible, transit-oriented development standards that promote infill development opportunities
- Development of parking standards and programs and multi-modal traffic standards that support transit-oriented development, revitalization, and sustainability efforts
- Participation in regional sustainability efforts
- Ongoing business recruitment, retention and marketing programs to increase shopping and dining opportunities for residents and visitors, and to bolster economic development efforts and City revenues
- Improvement to City facilities in the Project Area or that benefit the Project Area
- Capital expenses in support of public safety efforts in the Project Area or that benefit the Project Area
- Public information and community engagement programs

The Corporation will also focus on the following programs and projects:

- Predevelopment activities on Corporation-owned properties to implement the City's San Pablo Avenue Specific Plan, focusing in particular on the Del Norte area
- The previously funded Commercial Rehabilitation Loan Program with priority given to the southern end of San Pablo Avenue around the Cerrito Theater and El Cerrito Plaza Shopping Center

- Collaboration with key property owners on San Pablo Avenue on potential development, redevelopment or other improvements to their properties
- Coordination with Pleasantown Motion Picture Company to complete tenant improvements to the Cerrito Theater as provided in the Cerrito Theater Lease Agreement
- Development of new and improved website content

PROPOSED REINVESTMENT GRANT PROGRAM

In keeping with the Corporation's charitable and public purpose, a grant was made to the City during FY 2011-12 for the Fire Department's purchase of radio equipment to be used by public safety and other employees in conjunction with a regional radio system. Similar grants could be made to benefit and support the El Cerrito community.

Under the proposed Reinvestment Grant Program, grants would be considered to the City of El Cerrito and any organization that serves the community, particularly focusing on the San Pablo Avenue corridor. Preferably, grants would leverage other sources of funds.

Criteria for the proposed Reinvestment Grant Program would require that the program or project to be funded will:

- Lessen the burden of government on the City or other public entity
- Result in physical improvements or reduce blight and deterioration, particularly in the Project Area
- Provide and/or expand economic and housing opportunities in El Cerrito
- Increase public safety
- Support one or more of the Corporation's current activities, particularly related to development of its properties

The proposed program would give the Corporation Board discretion to make grants that are 1) consistent with these criteria, 2) in keeping with the Corporation's charitable purpose, and 3) beneficial to the El Cerrito community. The Executive Director would report back to the Board after grants are awarded and how the investment meets the goals of the program.

Grants proposed for FY 2011-12 are \$10,000 for the City's membership in the Green Corridor Program and \$45,000 for the City's Strategic Plan. Grants proposed for FY 2012-13 are \$10,000 for the City's membership in the Green Corridor Program and \$150,000 to initiate the update of the City's General Plan; further grants to the City for its General Plan will be considered in future years to support an overall funding plan being developed by the City. Additionally, a \$150,000 grant is proposed to the City for other purposes consistent with the Corporation's mission. The City will determine the use of these funds in the overall consideration of the City FY 2012-13 budget.

Attachment 1 to this report is a resolution approving the creation of the Reinvestment Grant Program, described in Exhibit A. Also included in the resolution is a provision to increase the Corporation's FY 2011-12 expense budget sufficiently to fund both for the Reinvestment Grant Program awards for the current fiscal year and the risk mitigation contribution discussed earlier in this report. Staff will return early in fiscal year 2012-13 to discuss additional grant projects as funding is solidified.

REVENUE

Per the Cooperation Agreement, the Agency's funding to the Corporation is based on tax increment revenues from the Project Area. City staff provided projections of what that tax increment revenue would have been if the Agency had continued to exist and what is likely to be available, so that the Corporation could make its annual funding demand. Based on those projections, tax revenue anticipated to be available to the Successor Agency to fund the Cooperation Agreement is \$1,287,000 for FY 2012-13. However, while the Successor Agency has included the Cooperation Agreement on its schedule of recognized enforceable obligations, the funding remains uncertain through the first phase of dissolution.

The proposed FY 2012-13 revenue budget includes program income from the Cooperation Agreement, lease income and interest income. While interest income is expected to be minimal, lease revenue from the Cerrito Theater paid by Rialto Cinemas has been strong and is expected to increase as the restaurant spaces become operational during FY 2012-13.

The total revenue budget is \$1,368,000, which is detailed in the Proposed FY 2012-13 Budget, Exhibit A to the Resolution, and summarized in a table that follows.

EXPENSES

The proposed FY 2012-13 expense budget includes professional, property and other services and supplies needed for the Corporation's activities described above, including continuing the contract with the City for administration and economic development. It also includes funds to pay for the Corporation's obligation to fund capital improvements at the Cerrito Theater and public improvements on Hill Street. Lastly, there is a budget for the proposed Revitalization Grant Program.

The total proposed expense budget is \$1,377,500, which is detailed in the Proposed FY 2012-13 Budget, which is Attachment 2 to this report and summarized in the table below.

**El Cerrito Municipal Services Corporation
FY 2011-12 Projected and FY 2012-13 Proposed Budget**

	<u>Projected FY 2011-12</u>	<u>Proposed FY 2012-13</u>
Beginning Fund Balance	\$636,454	\$1,391,455
Revenue		
Cooperation Agreement	\$1,031,340	\$1,287,000
Lease Revenue	69,201	80,000
Developer Proceeds	2,200,000	-
Interest	1,000	1,000
Total Revenues	<u>\$3,301,541</u>	<u>\$1,368,000</u>
Expenditures		
Professional Services	\$709,600	\$932,000
Programs	34,140	45,000
Property Maintenance and Supplies	30,400	20,000
Capital Expenses	437,400	70,500
Loans & Grants	328,000	310,000
Pre-funded Program Grant	1,007,000	-
Total Expenditures	<u>\$2,546,540</u>	<u>\$1,377,500</u>
Net Revenue over (under) Expenditures	<u>755,001</u>	<u>(9,500)</u>
Ending Fund Balance	<u><u>\$1,391,455</u></u>	<u><u>\$1,385,955</u></u>

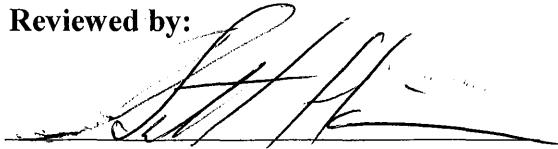
LEGAL CONSIDERATIONS

The actions being considered are consistent with California Corporations Law, the Corporation's public and charitable purposes, its Amended and Restated Bylaws, and the Board's previous actions. Should the enforceability of the Cooperation Agreement with the Successor Agency be disputed, the professional services budget includes funding for legal expenses.

RECOMMENDATION

Approve resolutions adopting the proposed Revitalization Grant Program, approving grant awards, and amending the FY 2011-12 Budget to provide its funding, and adopting the proposed FY 2012-13 Budget.

Reviewed by:

A handwritten signature in black ink, appearing to read 'S. Hanin', written over a horizontal line.

Scott Hanin, Executive Director

Attachments:

1. Resolution 2012-XX, approving the Reinvestment Grant Program, grant awards, and amendment of the FY 2011-12 Budget
2. Resolution 2012-XX, adopting the proposed FY 2012-13 Budget

RESOLUTION NO. 2012-XX

RESOLUTION OF THE BOARD OF DIRECTORS OF THE EL CERRITO MUNICIPAL SERVICES CORPORATION APPROVING THE REINVESTMENT GRANT PROGRAM, GRANT AWARDS, AND AMENDMENT OF THE FY2011-12 BUDGET

WHEREAS, the El Cerrito Municipal Services Corporation (the "Corporation") is a nonprofit public benefit corporation organized under the California Nonprofit Public Benefit Corporation Law for charitable purposes; and

WHEREAS, the specific charitable and public purposes for which the Corporation is organized are to benefit and support the City of El Cerrito (the "City") and the El Cerrito Redevelopment Agency (the "Agency"), in accordance with Section 509(a)(3) of the Internal Revenue Code of 1986, as amended, and to lessen the burdens of government of the City and the Agency by (1) utilizing private and public funding sources to combat community blight and deterioration in the City and contribute to the physical improvement of the City; (2) providing and expanding economic opportunities for low and moderate income households in the City; (3) encouraging and stimulating economic development within the City by assisting the Agency to eliminate blight within the Agency's project areas; and (4) implementing and assisting the Agency in redevelopment activities and programs that will lessen neighborhood tensions, and combat community deterioration; and

WHEREAS, creation of a grant program that benefits and supports the El Cerrito community would be consistent with the Corporation's charitable and public purposes; and

WHEREAS, the Board of Directors of the Corporation (the "Board") finds the proposed Reinvestment Grant Program, as set forth in Exhibit A, consistent with the Corporation's charitable and public purpose and wishes to approve the program as described; and

WHEREAS, the Board finds that grants proposed for FY 2011-12 to the City of El Cerrito for its membership in the Green Corridor Program, a Community Wide Strategic Plan, and other initiatives to be identified by the City are consistent with the criteria for the Reinvestment Grant Program, and desires to approve the grants; and

WHEREAS, the Corporation received significant one-time revenue in FY 2011-12, but there is uncertainty regarding its program revenue for FY 2012-13; and

WHEREAS, the City relies upon the Corporation for funding of its economic development program and other projects and programs that consistent with the Corporation's mission, as well as paying the costs associated with serving as its fiduciary and administrative agent, and therefore the City's FY 2012-13 revenue from the Corporation is also uncertain; and

WHEREAS, the Corporation is currently in a position to utilize its FY 2011-12 revenue that is not at risk to fund its future obligations to the City from those sources; and

WHEREAS, the Board finds that pre-funding program grants and other obligations to the City is consistent with the Corporation's charitable and public purpose of lessening the burdens of government, and the City has committed to using the funding consistent with the Corporation's charitable and public purposes, or to return unused funds to the Corporation; and

WHEREAS, the Board wishes to amend the Corporation's FY2011-12 Budget in order to provide funding for the Reinvestment Grant Program and for a prefunded program grant to the City of El Cerrito.

Agenda Item No. 5
Attachment 1

NOW, THEREFORE, BE IT RESOLVED, The Board finds that the above recitals are true and correct.

BE IT FURTHER RESOLVED, that the Board does hereby approve:

1. The proposed Reinvestment Grant Program, as described in Exhibit A.
2. Award of Reinvestment Grants in FY 2012-13 to the City of El Cerrito of \$10,000 for its membership in the Green Corridor Program and \$45,000 for its Community Wide Strategic Plan.
3. Providing \$1,007,000 to the City of El Cerrito as a pre-funded program grant for economic development programs and expenses related to administering the Corporation.
4. Amendment of the FY 2011-12 Budget to increase the expense budget by \$1,062,000.

BE IT FURTHER RESOLVED, that this Resolution shall become effective immediately upon its adoption.

I CERTIFY that at a regular meeting on May 1, 2012, the Board of Directors of the El Cerrito Municipal Services Corporation passed this Resolution by the following vote:

AYES:	BOARD MEMBERS:
NOES:	BOARD MEMBERS:
ABSENT:	BOARD MEMBERS:

IN WITNESS of this action, I sign this document on May ___, 2012.

Cheryl Morse, Secretary

APPROVED:

William C. Jones III, Board Chairperson

Exhibit A
Reinvestment Grant Program
El Cerrito Municipal Services Corporation

The El Cerrito Municipal Services Corporation's Reinvestment Grant Program is intended to benefit and support the El Cerrito community, consistent with its charitable and public purposes.

The specific charitable and public purposes for which the Corporation is organized are to benefit and support the City of El Cerrito (the "City") and the El Cerrito Redevelopment Agency (the "Agency"), in accordance with Section 509(a)(3) of the Internal Revenue Code of 1986, as amended, and to lessen the burdens of government of the City and the Agency by (1) utilizing private and public funding sources to combat community blight and deterioration in the City and contribute to the physical improvement of the City; (2) providing and expanding economic opportunities for low and moderate income households in the City; (3) encouraging and stimulating economic development within the City by assisting the Agency to eliminate blight within the Agency's project areas; and (4) implementing and assisting the Agency in redevelopment activities and programs that will lessen neighborhood tensions, and combat community deterioration.

Currently anticipated grants areas of focus include projects and programs that promote transit-oriented development, sustainability planning efforts, facilities improvements, community engagement, public information, and economic development.

Grants will be considered to the City of El Cerrito and any organization that serves the community, particularly focusing on the San Pablo Avenue corridor. Preferably grants would leverage other sources of funds.

Criteria for the proposed Reinvestment Grant Program are as follows. The program or project to be funded will:

- Lessen the burden of government on the City or other public entity
- Result in physical improvements or reduce blight and deterioration, particularly on San Pablo Avenue
- Provide and/or expand economic and housing opportunities in El Cerrito
- Increase public safety
- Support one or more of the Corporation's current activities, particularly related to development of its properties

The Corporation Board will have discretion to make grants that are 1) consistent with these criteria, 2) in keeping with the Corporation's charitable purpose, and 3) beneficial to the El Cerrito community. The Executive Director will report back to the Board when grants are awarded and how the investment meets the goals of the program.

RESOLUTION NO. 2012-XX

RESOLUTION OF THE BOARD OF DIRECTORS OF THE EL CERRITO MUNICIPAL SERVICES CORPORATION APPROVING ITS FISCAL YEAR 2012-13 BUDGET

WHEREAS, the El Cerrito Municipal Services Corporation (the "Corporation") is a nonprofit public benefit corporation organized under the California Nonprofit Public Benefit Corporation Law for charitable purposes; and

WHEREAS, the specific charitable and public purposes for which the Corporation is organized are to benefit and support the City of El Cerrito (the "City") and the El Cerrito Redevelopment Agency (the "Agency"), in accordance with Section 509(a)(3) of the Internal Revenue Code of 1986, as amended, and to lessen the burdens of government of the City and the Agency by (1) utilizing private and public funding sources to combat community blight and deterioration in the City and contribute to the physical improvement of the City; (2) providing and expanding economic opportunities for low and moderate income households in the City; (3) encouraging and stimulating economic development within the City by assisting the Agency to eliminate blight within the Agency's project areas; and (4) implementing and assisting the Agency in redevelopment activities and programs that will lessen neighborhood tensions, and combat community deterioration; and

WHEREAS, the Board of Directors of the Corporation (the "Board") has been presented for its consideration a proposed budget for Fiscal Year 2012-13, which has been reviewed and analyzed in a public session; and

WHEREAS, the proposed budget represents anticipated revenues and proposed expenditures for the Corporation; and

WHEREAS, the Corporation requires a revenue budget of \$1,368,000 and an expenditure budget of \$1,377,500; and

WHEREAS, the Board desires to adopt the necessary revenue and expenditure budgets for the Corporation.

NOW, THEREFORE, BE IT RESOLVED, The Board finds that the above recitals are true and correct.

BE IT FURTHER RESOLVED, that the Board of Directors of the El Cerrito Municipal Services Corporation, in accordance with its authority and responsibility, hereby adopts the Fiscal Year 2012-13 Budget, attached as Exhibit A.

BE IT FURTHER RESOLVED, that this Resolution shall become effective immediately upon its adoption.

I CERTIFY that at a regular meeting on May 1, 2012, the Board of Directors of the El Cerrito Municipal Services Corporation passed this Resolution by the following vote:

AYES:	BOARD MEMBERS:
NOES:	BOARD MEMBERS:
ABSENT:	BOARD MEMBERS:

IN WITNESS of this action, I sign this document on May ___, 2012.

Cheryl Morse, Secretary

APPROVED:

William C. Jones III, Board Chairperson

Exhibit A

EL CERRITO MUNICIPAL SERVICES CORPORATION

PROPOSED FISCAL YEAR 2012-13 BUDGET

Board of Directors

William C. Jones III, Chairperson

Greg Lyman, Vice Chairperson

Janet Abelson, City Board Member

Rebecca Benassini, Board Member

Ann Cheng, Board Member

Scott Hanin, Executive Director

Karen Pinkos, Board Member

Officers

Mary Dodge, Chief Financial Officer

Cheryl Morse, Secretary

The El Cerrito Municipal Services Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for charitable purposes.

The general purpose of this Corporation is to have and exercise all rights and powers conferred on nonprofit corporations under the laws of California, provided that this Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of this Corporation.

FISCAL YEAR 2012-13 BUDGET

EL CERRITO MUNICIPAL SERVICES CORPORATION

To serve its purpose of benefiting and supporting the City of El Cerrito and the El Cerrito Redevelopment Agency, the mission of the El Cerrito Municipal Services Corporation is to lessen the burden of government by pursuing projects and programs that create, support, and retain a strong and diverse economic base; provide housing and employment opportunities; increase sales and property tax revenue; and provide desired goods and services to the community throughout the City and the Redevelopment Project Area.

INTRODUCTION

This document presents the Proposed Fiscal Year 2012-13 Budget for the El Cerrito Municipal Services Corporation ("Corporation"). The Corporation is a California nonprofit public benefit corporation. The charitable and public purposes for which the Corporation is organized are to benefit and support the City of El Cerrito ("City") and the El Cerrito Redevelopment Agency ("Agency") by: (1) utilizing private and public funding sources to combat community blight and deterioration in the City and contribute to the physical improvement of the City; (2) providing and expanding economic opportunities for low and moderate income households in the City; (3) encouraging and stimulating economic development within the City by assisting the Agency to eliminate blight within the Agency's project areas; and (4) implementing and assisting the Agency in redevelopment activities and programs that will lessen neighborhood tensions, and combat community deterioration.

The Corporation is primarily responsible for economic development and redevelopment projects and programs on behalf of the City and the Agency. In particular, the Corporation's activities implement the Agency's goals and objectives within the City of El Cerrito Redevelopment Project Area ("Project Area") as described in the Agency's Redevelopment Plan ("Redevelopment Plan") and Five-Year Implementation Plan. The Corporation's implementation responsibilities and the Agency's corresponding funding obligations are contained in the Public Improvement and Cooperation Agreement for the City of El Cerrito Redevelopment Project Area ("Cooperation Agreement").

The complete list of projects and programs that the Corporation has agreed to undertake on behalf of the Agency over the life of the Redevelopment Plan is contained in the Cooperation Agreement and is included in this budget document as Appendix A. The Agency has agreed to provide the Corporation with the funds necessary for such activities and projects from the Agency's available resources, including tax increment funds allocated to the Agency. The Corporation is to use the Agency funds for the completion of projects and programs, which may include predevelopment costs, economic development programs, staffing, and administrative costs. The Corporation pays the City to serve as its fiscal agent and handle its administrative functions through an administrative services contract.

The Corporation may use other funding sources for its projects and programs. For example, the Corporation has real estate holdings, including the Cerrito Theater that it leases to Rialto Cinemas for operation as a movie theater and restaurant, and vacant land it intends to develop,

thereby catalyzing the revitalization of the San Pablo Avenue Corridor. The Corporation has received developer fees and contributions through its real estate transactions as well.

FINANCIAL OVERVIEW

On February 1, 2012, State Budget legislation for FY 2011-12 known as AB1x26 ("Dissolution Act") dissolved the Agency and replaced it with the Successor Agency to the El Cerrito Redevelopment Agency ("Successor Agency"), which is responsible for paying the Agency's debts and funding its obligations. Through the Cooperation Agreement, the Agency was obligated to fund the Corporation's completion of the Agency's projects and programs. Under the Dissolution Act, the Successor Agency included the Cooperation Agreement on its schedule of recognized obligations, but the final approval of the schedule will not be known prior to the adoption of the Corporation's budget. The Corporation's revenues rely on the Successor Agency funding the Agency's obligations under the Cooperation Agreement. As such, the proposed budget may need to be reviewed early in the fiscal year to account for the outcome of the dissolution process.

In FY 2011-12, the Corporation had four sources of revenue: Agency funding for the Cooperation Agreement, developer contributions, rent and lease income, and interest earnings. Overall, the Corporation's FY 2011-12 revenues were greater than expected. Lease revenue from the Cerrito Theater is exceeding the budget due to the percentage rent paid by Rialto Cinemas being greater than anticipated. The Corporation funding demand to the Agency was not received until January 2012 and was slightly lower than anticipated. The Corporation received an unanticipated assignment fee for its option on a piece of property.

Due to the uncertainty of its revenues from the Cooperation Agreement, the Corporation limited expenditures during the first half of FY 2011-12, but was able to undertake several initiatives and meet its own financial obligations during the second half of the fiscal year. In particular, the Revitalization Grant Program was established and funded to support projects and programs that are of benefit to the El Cerrito community and meet criteria in keeping with the Corporation's purposes. At the end of the FY 2011-12, the Corporation has a sufficient fund balance to enable it to weather the near-term uncertainty of its funding sources.

PROJECTS AND PROGRAMS

The proposed Fiscal Year 2012-13 Operating Budget provides funding for economic development programs, continuation of the Revitalization Grant Program, initiation of efforts to develop the Corporation's properties, fulfilling lease obligations for improvements and maintenance of the Cerrito Theater, and administrative expenses.

The Corporation's focus in FY 2012-13 will be to support, whether through a grant or involvement, the City's efforts to facilitate sustainable, transit-oriented, and infill development; attract and retain businesses; promote public safety; and improve public facilities. More specifically, those City efforts include:

- Public information programs and a Community wide Strategic Plan
- Initiating an update of the City's General Plan
- Completion of the City's San Pablo Avenue Specific Plan, with economically feasible, transit-oriented development standards that promote infill development opportunities
- Development of parking standards and programs and multi-modal traffic standards that support transit-oriented development, revitalization, and sustainability efforts
- Participation in regional sustainability efforts like Green Corridor
- Ongoing business recruitment, retention and marketing programs to increase shopping and dining opportunities for residents and visitors, and to bolster economic development efforts and City revenues
- Improvement to City facilities in the Project Area or that benefit the Project Area
- Capital expenses in support of public safety efforts in the Project Area or that benefit the Project Area

The Corporation will also focus on the following programs and projects:

- Predevelopment activities on Corporation-owned properties to implement the City's San Pablo Avenue Specific Plan, focusing in particular on the Del Norte area
- The previously funded Commercial Rehabilitation Loan Program with priority given to the southern end of San Pablo Avenue around the Cerrito Theater and El Cerrito Plaza Shopping Center
- Continuation of the graffiti abatement program, entrepreneur training program, and marketing efforts
- Collaboration with key property owners on San Pablo Avenue on potential development, redevelopment or other improvements to their properties
- Coordination with Pleasantown Motion Picture Company to complete tenant improvements to the Cerrito Theater as provided in the Cerrito Theater Lease Agreement
- Development of new and improved website content

BUDGET OVERVIEW

Per the Cooperation Agreement, the Agency's funding to the Corporation is based on tax increment generated within the Project Area. City staff has projected what the Redevelopment Agency's tax increment revenue would have been if the Dissolution Act had not been implemented and what is likely to be available in the upcoming fiscal year, so that the Corporation can make its annual funding demand. That amount is \$1,287,000 for FY 2012-13. While the Successor Agency has included the Cooperation Agreement on its schedule of recognized enforceable obligations, the funding remains uncertain through the first phase of dissolution and therefore the revenue budgeted is at risk.

The City of El Cerrito relies on the Corporation for funding its economic development program and other projects and programs consistent with the Corporation's mission. Given the uncertain nature of the funding under the Cooperation Agreement, the Corporation is able to fund the City's economic development programs with the Corporation's FY 2011-12 revenues that were from sources unrelated to the Cooperation Agreement and thus are not at risk. Therefore, included in the projections for FY 2011-12 is a pre-funded program grant to the City from the Corporation totaling \$1,007,000. The City has committed to using these funds for ongoing economic development programs and other uses that are consistent with Corporation's charitable and public purpose. Should the funds not be needed, they will be returned to the Corporation or directed to a purpose consistent with the Corporation's mission.

The proposed FY 2012-13 revenue budget of \$1,368,000 includes program income from the Cooperation Agreement, lease income and interest income. While interest income is expected to be minimal, lease revenue from the Cerrito Theater has been strong and is expected to increase as the restaurant spaces become operational during FY 2012-13.

The proposed FY 2012-13 expense budget of \$1,377,500 includes professional, property and other services and supplies needed for the Corporation's projects, programs, and activities. It includes funds to pay for the Corporation's obligation to fund capital improvements at the Cerrito Theater and public improvements on Hill Street. There is a budget for proposed grant awards through the Revitalization Grant Program.

The projected actual for FY 2011-12 and the proposed budget for FY 2012-13, with categories broken down by funding source, are as follows:

El Cerrito Municipal Services Corporation
FY 2011-12 Projected and FY 2012-13 Proposed Budget
Revenue & Expenditures by Source of Funds

	Projected FY 2011-12	<i>Developer Contribution</i>	<i>Program Revenue</i>	<i>Other</i>	Proposed FY 2012-13	<i>Developer Contribution</i>	<i>Program Revenue</i>	<i>Other</i>
Beginning Balance	\$ 636,454	\$ -	\$ 600,000	\$36,454	\$1,391,455	\$ 515,000	\$ 839,800	\$36,655
Revenue								
Program Rev Pre-Dissolution	1,031,340		1,031,340		0			
Program Rev Post-Dissolution	0				1,287,000		1,287,000	
Lease Revenue	69,201			69,201	80,000			80,000
Developer Contribution	2,200,000	2,200,000			0			
Interest Income	1,000			1,000	1,000			1,000
Total Revenue	3,301,541	2,200,000	1,031,340	70,201	1,368,000	0	1,287,000	81,000
Expenditures								
Professional Services								
Administration	498,000		498,000		450,000		450,000	
Program Staffing Svcs	155,000		155,000		307,000		307,000	
Technical Professional Svcs	51,800		51,800		25,000		25,000	
Legal/Financial	4,800		4,800		150,000	125,000	25,000	
Total Professional Services	709,600				932,000			
Programs								
Marketing/Website	4,700		4,700		5,000		5,000	
Entrepreneur Training Program	8,500		8,500		10,000		10,000	
Graffiti	20,940		20,940		30,000		30,000	
Total Programs	34,140				45,000			
Property Maintenance & Supplies								
Maintenance Contracts	13,100		13,100		15,000			15,000
Maintenance Supplies	17,300		17,300		5,000		5,000	
Total Property Maintenance	30,400				20,000			
Capital Expenses								
Hill Street Contribution	350,000	350,000			0			
Theater	75,500		5,500	70,000	70,500		5,500	65,000
Eastshore Fence	11,900		11,900		0			
Total Capital Projects	437,400				70,500			
Loans & Grants								
Public Safety Radios	273,000	273,000			0			
Green Corridor	10,000	10,000			10,000	10,000		
Strategic Plan	45,000	45,000			0			
General Plan	0				150,000	150,000		
Other Grants	0				150,000	150,000		
Total Loans & Grants	328,000				310,000			
Pre-funded Program Grant	1,007,000	1,007,000			0			
Total Expenditures	2,546,540	1,685,000	791,540	70,000	1,377,500	435,000	862,500	80,000
Net Revenue over Expenditures	755,001	515,000	239,800	201	(9,500)	(435,000)	424,500	1,000
Ending Balance	\$1,391,455	\$ 515,000	\$ 839,800	\$36,655	\$1,381,955	\$ 80,000	\$1,264,300	\$37,655

APPENDIX A

Exhibit A to the Cooperation Agreement: List of Projects and Schedule of Performance and Payment

Map of City of El Cerrito Redevelopment Project Area

Exhibit A

**El Cerrito Redevelopment Project Area
List of Projects and Schedule of Performance and Payment
Assigned to the El Cerrito Municipal Services Corporation
*Cost Estimates in Millions***

Projects and Programs	Project Costs	Soft Costs	Admin Costs	Total Cost	Timeframe for Performance (FY ending)	Timeframe for Payment
Facilitation of Private Investment*						
Specific Plan Completion and Implementation	0.00	0.50	0.08	0.58	2012-2021	2012-2026
Del Norte Transit-Oriented Development						
Transit/Public Infrastructure	13.00	4.00	1.10	18.10	2012-2021	2012-2026
Knott Triangle	0.87	0.13	0.13	1.13	2012-2016	2012-2016
Mayfair Block	0.10	0.10	0.13	0.33	2012-2016	2012-2016
BART Parking Lots	0.44	0.07	0.07	0.57	2012-2016	2012-2016
Hill Street Parcel	0.10	0.10	0.13	0.33	2012-2016	2012-2016
Eastshore Triangle	1.31	0.20	0.20	1.70	2012-2016	2012-2016
North Gateway	0.44	0.07	0.07	0.57	2014-2018	2014-2018
Mitsubishi Block	0.65	0.10	0.10	0.85	2012-2016	2012-2016
Wall Street North	0.22	0.03	0.03	0.28	2017-2021	2017-2021
Wall Street South	0.22	0.03	0.03	0.28	2017-2021	2017-2021
South Blake	0.33	0.05	0.05	0.42	2017-2021	2017-2021
South Potrero	0.44	0.07	0.07	0.57	2017-2021	2017-2021
Madison Blocks	0.74	0.11	0.11	0.96	2017-2021	2017-2021
San Pablo/Alameda Midtown Site	0.44	0.07	0.07	0.57	2012-2016	2012-2016
Civic Center Parcel	0.10	0.10	0.10	0.30	2012-2016	2012-2016
DMV Block	0.87	0.13	0.13	1.13	2017-2021	2017-2021
Marshall's Center	0.87	0.13	0.13	1.13	2017-2021	2017-2021
Moeser Lane Shopping Center	0.44	0.07	0.07	0.57	2012-2014	2012-2014
Bank of America Block	0.44	0.07	0.07	0.57	2017-2021	2017-2021
South Stockton	0.44	0.07	0.07	0.57	2017-2021	2017-2021
South Eureka	0.22	0.03	0.03	0.28	2014-2018	2014-2018
Avila Site	0.26	0.04	0.04	0.34	2012-2016	2012-2016
Theater Block	0.87	0.13	0.13	1.13	2012-2016	2012-2016
Plaza BART Lots	0.87	0.13	0.13	1.13	2017-2021	2017-2021
Fairmount Auto Lots	0.44	0.07	0.07	0.57	2014-2018	2014-2018
Plaza Connection Fairmount/San Pablo	0.65	0.10	0.10	0.85	2014-2018	2014-2018
South Gateway	0.44	0.07	0.07	0.57	2017-2021	2017-2021
Cerrito Theater Property	1.00	0.15	0.15	1.30	2012-2021	2012-2026
Subtotal	27.17	6.38	3.54	37.09		

Soft costs are those costs associated with the actual design and construction of a project, including: preparation of engineering/architectural plan and specifications, design development and review, coordination of bidding processes, construction inspections, construction management and those other costs necessary to implement the design and construction of a public improvement.

Administrative Costs are those costs for services associated with the development of a public improvement or program, including: the purchase of land; negotiation and development of agreements; public outreach processes; approval and permitting processes; financial, legal and other specialized consulting services; financial compliance and other governmental reporting, including financial administrative oversight; the administration of housing projects including monitoring of affordable housing agreements and prevailing wage requirements, resale restrictions, or other covenants associated with affordable housing projects; the drafting of funding availability notices and development of affordable housing agreement documents; and additional indirect City costs associated with the administrative support needed to carry out these public improvements and programs.

* May include land acquisition and/or assembly, site preparation, disposition and development of Agency properties, project specific infrastructure, Specific Plan implementation)

Exhibit A

**El Cerrito Redevelopment Project Area
List of Projects and Schedule of Performance and Payment
Assigned to the El Cerrito Municipal Services Corporation**
Cost Estimates in Millions

Projects and Programs	Project Costs	Soft Costs	Admin Costs	Total Cost	Timeframe for Performance (FY ending)	Timeframe for Payment
Business Recruitment and Retention						
Business Attraction, Retention and Expansion	0.72	0.00	0.34	1.06	2012-2021	2012-2026
Community Promotion and Events	0.20	0.00	0.10	0.30	2012-2021	2012-2026
Commercial Building Rehabilitation Assistance	1.20	0.00	0.57	1.77	2012-2021	2012-2026
Graffiti Abatement	0.40	0.00	0.19	0.59	2012-2021	2012-2026
Subtotal	2.52	0.00	1.20	3.72		
Public Improvements						
San Pablo Avenue transit & public infrastructure	1.00	0.20	0.00	1.20	2012-2021	2012-2026
Upper Fairmount streetscape improvements	0.17	0.00	0.00	0.17	2012	2012
Creekside Park Lighting	0.20	0.00	0.00	0.20	2012	2012
Fairmount/Ashbury Intersection Improvements	0.70	0.10	0.00	0.80	2012	2012
Central/Liberty Streetscape Enhancements	1.10	0.20	0.00	1.30	2012	2013
Central/San Mateo Intersection (I-80)	1.30	0.20	0.10	1.60	2014-2016	2014-2016
Potrero/I-80 Intersection Improvements	0.85	0.10	0.04	0.99	2012	2013
Ohlone Greenway Urban Greening (Plaza & Safeway)	1.20	0.20	0.00	1.40	2014	2015
Ohlone Greenway Crossing Safety Projects	0.50	0.06	0.00	0.56	2012	2013
Ohlone Greenway Master Plan Implementation	3.40	0.30	0.10	3.80	2012-2020	2012-2020
New Public Safety Building	18.80	5.00	1.20	25.00	2012-2021	2012-2026
New Senior Center	7.50	2.00	0.50	10.00	2012-2021	2012-2026
County-owned Facility (New Library)	13.80	3.80	0.80	18.40	2012-2021	2012-2026
Subtotal	50.52	12.16	2.74	65.42		
TOTAL				106.23		

Soft costs are those costs associated with the actual design and construction of a project, including: preparation of engineering/architectural plan and specifications, design development and review, coordination of bidding processes, construction inspections, construction management and those other costs necessary to implement the design and construction of a public improvement.

Administrative Costs are those costs for services associated with the development of a public improvement or program, including: the purchase of land; negotiation and development of agreements; public outreach processes; approval and permitting processes; financial, legal and other specialized consulting services; financial compliance and other governmental reporting, including financial administrative oversight; the administration of housing projects including monitoring of affordable housing agreements and prevailing wage requirements, resale restrictions, or other covenants associated with affordable housing projects; the drafting of funding availability notices and development of affordable housing agreement documents; and additional indirect City costs associated with the administrative support needed to carry out these public improvements and programs.

CITY OF EL CERRITO

Redevelopment Area Boundary

