RESOLUTION NO. 839

RESOLUTION OF THE REDEVELOPMENT AGENCY FOR THE CITY OF COLTON ADOPTING THE PROPOSED 2005-2009 IMPLEMENTATION PLAN FOR THE DOWNTOWN REDEVELOPMENT PROJECT NO. 1, DOWNTOWN REDEVELOPMENT PROJECT NO. 2, COOLEY RANCH PROJECT AREA AS AMENDED, SANTA ANA RIVER PROJECT AREA, WEST VALLEY PROJECT AREA AS AMENDED, MT. VERNON CORRIDOR PROJECT AREA AND RANCHO/MILL PROJECT AREA.

WHEREAS, California Health and Safety Code Section 33490 provides that on or before December 31, 1994, and each five years thereafter, each redevelopment agency that has adopted a redevelopment plan prior to December 31, 1993, shall adopt, after a duly noticed public hearing, an implementation plan that shall contain the specific goals and objectives of the agency for the project area, the specific programs, including potential projects and estimated expenditures proposed to be made during the next five years, an explanation of how the goals, objectives, programs, and expenditures will eliminate blight within the project area, and how the requirements of California Health and Safety Code Sections 33334.2, 33334.4, 33334.6 and 33413 will be implemented; and

WHEREAS, the Redevelopment Agency for the City of Colton (the "Agency") and the City Council for the City of Colton (the "City Council") established the Downtown Project No. 1 by the adoption of Ordinance 1179 on January 15, 1964 and subsequently amended the Downtown Project No. 1 by Ordinance No. O-16-86 on December 2, 1986; and

WHEREAS, the Agency and City Council established the Downtown Project No. 2 by the adoption of Ordinance No. 1264 on January 18, 1965, subsequently amended the Downtown Project No. 2 by adopting Ordinance O-17-86 on December 2, 1986; and

WHEREAS, the Agency and City Council established the Cooley Ranch Project by the adoption of Ordinance No. 1478 on July 29, 1975, and subsequently amended the Cooley Ranch Project with the adoption of Ordinance No. 1559 on January 16, 1979, Ordinance No. 1574 on December 18, 1979, and Ordinance No. O-8-86 on June 3, 1986; and

WHEREAS, the Agency and City Council established the Santa Ana River Project with the adoption of Ordinance No. 1632 on December 29, 1982; and

WHEREAS, the Agency and City Council established the West Valley Project with the adoption of Ordinance No. O-10-86 on July 15, 1986 and subsequently amended the West Valley Project on June 30, 1987 with the adoption of Ordinance No. O-9-87; and

WHEREAS, the Agency and City Council established the Mt. Vernon Corridor Project with the adoption of Ordinance No. O-8-87 on June 30, 1987; and

WHEREAS, the Agency and City Council established the Rancho Mill Project with the adoption of Ordinance No. O-13-94 on July 5, 1994; and

WHEREAS, the above referenced redevelopment projects shall be collectively known as the "Project Areas"; and

WHEREAS, the Agency prepared a document entitled "Five-Year Implementation Plan 2005-2009," (the "Implementation Plan") pursuant to Health and Safety Code Section 33490; and

WHEREAS, the Agency is required to provide notice of the public hearing on the Implementation Plan pursuant to Government Code Section 6063, which requires the publication of the notice in a newspaper of general circulation for a period of three consecutive weeks and the posting of the notices in four locations within each project area for a period of three consecutive weeks, and which further requires that the publication and posting shall be completed not less than ten (10) days prior to the date set for the public hearing; and

WHEREAS, the Agency published a notice of public hearing on January 21, 2005, January 28, 2005, February 4, 2005 and posted a copy of said notice of public hearing in four permanent locations in each of the Project Areas on January 19, 2005; and

WHEREAS, the Agency opened the public hearing on February 15, 2005, and continued it on March 1, 2005; and

WHEREAS, the Implementation Plan contains all the information and subject matter required by the California Health and Safety Code Section 33490.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE REDEVELOPMENT AGENCY FOR THE CITY OF COLTON, AS FOLLOWS:

Section 1. Pursuant to the provisions contained in California Health and Safety Code Section 33490, the Agency hereby adopts that document entitled "Five-Year Implementation Plan 2005-2009," a true copy of which is attached to this resolution marked as Attachment "1" and incorporated into this resolution by this reference, as the Implementation Plan for the Project Areas.

Section 2. The Assistant Secretary to this Agency shall certify to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 15th day of March 2005.

Deirdre H. Bennett

DEIRDRE H. BENNETT, Chairperson
Redevelopment Agency for the City of Colton

ATTEST:

Carolina P. Barrera

CAROLINA P. BARRERA, CMC
Assistant Secretary

ATTACHMENT "1"

FIVE-YEAR IMPLEMENTATION PLAN 2005-2009

City of Colton

City of Colton

City of Colton

Five-Year Implementation Plan 2005 – 2009

Redevelopment Agency for the City of Colton

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1.0 INTRODUCTION

1.1 Overview

At the conclusion of World War II, an intense interest in the condition of cities was evident throughout the United States. The federal government took the initial leadership position in urban revitalization through the implementation of urban renewal programs in the late 1940's. However, the power of federal programs, which provided enormous sums of money to local communities to eradicate blighted conditions, began to diminish as political philosophies of succeeding administrations and budgetary pressures at the federal level forced a virtual abandonment of federally controlled "urban renewal" or redevelopment programs.

Fortunately for California, the initial legislative framework of the Community Redevelopment Law (California Health And Safety Code Sections 33000 *et seq.*, hereinafter, the "CRL") was in place as early as 1952, and while the process has been amended, refined, and in some ways restricted over the years, redevelopment exists as a strong effective tool to deal with the eradication of blight and to improve housing and employment conditions within local communities.

In many early California redevelopment projects, a major focus was upon demolition of blighted residential buildings and development of new non-residential uses or high-income residential uses to replace the demolished residential buildings. Those kinds of projects worked to eliminate blighting conditions. However, those projects did little or nothing to aid the mostly low- and moderate-income residents of the housing that was demolished.

To address the problems that arose regarding the impact of redevelopment on low- and moderate-income housing, over the past eighteen years the Legislature has enacted a series of increasingly comprehensive revisions to the CRL which require redevelopment agencies to undertake activities which will assist in the production of low- and moderate-income housing.

Redevelopment activities are carried out under the provisions of the CRL. The principal financing tool available under the CRL is tax increment financing. A redevelopment agency may borrow money or sell debt instruments to finance improvements in a project area, and repay these debts by capturing taxes generated from the incremental increase in the tax base from new development occurring after final adoption of the redevelopment plan. When all such indebtedness of the agency is repaid, the tax increment thereafter produced is paid to the taxing entities providing services to the project area. The second element of the CRL that makes the provisions of the CRL unique is the process by which a redevelopment agency is authorized to acquire privately owned property within a redevelopment project area for redisposition to a private developer at a reduced price or with other incentives. The private developer is then obligated to develop such property in a manner that will eliminate blighting conditions and at the same time provide a profit to the developer.

1.2 Background

The Redevelopment Agency for the City of Colton (the "Agency") was created to alleviate conditions of blight and stimulate economic development in the community. As such, the Agency is the primary vehicle for ensuring the long-term economic vitality of the City of Colton (the "City"). The Agency may by law undertake a wide variety of activities and programs to promote economic development and residential revitalization.

The focus of Agency activities and programs is in seven redevelopment project areas adopted since 1964. Although each project area has a redevelopment plan, it is important to note that these plans do not dictate future redevelopment or revitalization activities on a parcel-by-parcel basis. Rather, each redevelopment plan authorizes a variety of tools that the Agency may employ to revitalize a project area following a generalized blueprint for area land uses that must be consistent with the Colton General Plan. Additionally, actual redevelopment activities and the timing often hinge on the plans and resources of the many tenants, property owners, or business owners in a project area, because CRL affords these individuals certain rights and opportunities for project area participation.

In accordance with the goals and objectives established for each project area, the Agency may undertake a wide variety of activities aimed at stemming blight and economic decline. Such activities include, but are not limited to, acquiring land for resale to a redeveloper, providing financial assistance to existing owners or tenants for building repairs, constructing needed public facilities and improvements, and developing comprehensive economic development strategies that facilitate local investment and job creation.

The Agency is also responsible for increasing, preserving, and improving the supply of housing units for very low, low- and moderate-income individuals and families. The Agency is required to set aside a portion of its property tax increment revenues for this purpose.

1.3 Intent of the Implementation Plan

On October 6, 1993, Governor Pete Wilson signed into law the California Community Redevelopment Law Reform Act of 1993 (hereinafter referred to as "AB 1290"). AB 1290 was authored to address perceived abuses in redevelopment practice, and to refocus the redevelopment process on statewide concerns of alleviating blight, stimulating economic development, and providing affordable housing.

The legislature expressed concern that some redevelopment agencies were not implementing programs to alleviate the blighting conditions that formed the basis for the original project area adoption. Instead, these agencies were using the redevelopment financing tool to construct new city halls, hotels, auto malls, etc. Consequently, AB 1290 contains a number of provisions that require an agency to implement adopted redevelopment plans in a manner that will address defined conditions of blight.

The CRL permits the preparation and adoption of a single implementation plan applicable to one or more redevelopment project areas. Therefore, this Five-Year Implementation Plan 2005-2009 (the "Implementation Plan") addresses implementation activities in the Agency's seven project areas. For the sake of clarity and completeness, project goals, activities, and blight elimination are addressed separately for each project area.

The Implementation Plan covers the Agency's activities from July 1, 2004 through June 30, 2009, which is identical to the timeframe required for the Redevelopment Agencies Financial Transactions Report and the HCD (California Department of Housing and Community Development) Annual Report of Housing Activity of Community Redevelopment Agencies. Consistency of the information contained in the Implementation Plan and the above-described reports is important.

In addition, all section references are contained in the CRL unless otherwise stated.

1.4 Implementation Plan Requirements (Section 33490)

For redevelopment plans adopted prior to January 1, 1994, the first implementation plan for fiscal years 1995-1999 was required to be adopted by December 31, 1994. The next five-year implementation plan was adopted in 1999 by the Agency for years 2000-2004. This Implementation Plan represents the third implementation plan prepared by the Agency. Between two and three years after adoption of the Implementation Plan, the Agency must hold another noticed public hearing to review the redevelopment plans and the Implementation Plan. Following adoption of the Implementation Plan, this review is scheduled to take place during 2007.

For redevelopment plans adopted on or after January 1, 1994, the first implementation plan must be prepared and adopted prior to the end of the fifth year after which it was adopted.

The Implementation Plan has been prepared to address each of these issues and is organized into six sections as follows:

Section 1.0	Introduction
Section 2.0	Redevelopment Agency for the City of Colton
Section 3.0	Implementation Plan by Project Area
Section 4.0	Housing Programs
Section 5.0	Implementation Plan Administration
Section 6.0	Five-Year Financial Plan

1.4.1 AB 1290 Requirements

AB 1290 added Section 33490 to the Health and Safety Code. This section requires agencies to produce implementation plans every five years, beginning in 1994. Section 33490 has been amended numerous times since its original adoption. In accordance with this section, the implementation plan must contain the following, if applicable to the specific redevelopment agency:

Redevelopment Requirements

- Specific goals and objectives for each project area.
- Specific programs, including potential projects for each project area.
- Estimated expenditures.
- Explanation of how the goals and objectives, programs, and expenditures will eliminate blight within the project area.

Housing Requirements

- An explanation of how the goals, objectives, programs and expenditures will implement the Low and Moderate Housing Set-Aside Fund (the "Housing Fund") and housing production requirements set forth in the redevelopment law. This explanation must include a detailed annual implementation plan for each of the five years covered by the Implementation Plan so that performance can be measured.
- The amount of money available in the Housing Fund, the amount of money expected to be deposited thereto during the next five years as well as plans for using the annual deposits to the Housing Fund.
- The estimated number of units to be constructed, rehabilitated or price restricted in each of the five years.
- An estimated number of units to be provided over the next five (5) and ten (10) years to meet the Agency's 15 percent inclusionary housing requirements, if applicable.
- The number of qualifying very low-, low-, and. moderate-income units that have been produced in the project area, and the number of additional units that will be required to meet the inclusionary housing requirements.
- The number of units that will be developed by the Agency, if any, including the number of units that the Agency will make available for very low-, low- and moderate-income households.
- If a planned public improvement or development project will result in destruction of existing affordable housing, an identification of proposed locations for the replacement housing the Agency will be required to produce (Health and Safety Code Section 33413).
- The project area affordable housing production plan (AB 315 plan, required by Health and Safety Code Section 33413(b)(4)).

1.4.2 AB 637 Requirements

On January 1, 2002, a new law, AB 637 (Lowenthal), went into effect in California that created additional housing requirements on redevelopment agencies. This law was enacted to eliminate the sunset for most of the provisions in AB 1290 which had been in effect since 1993. AB 1290 contained a number of modifications to the inclusionary and production requirements contained in Section 33413(b) of the Health and Safety Code. In addition to eliminating the sunset for most of these provisions, AB 637 addressed many issues raised by the Western Center on Law and Poverty during the last several years. Under the Lowenthal Committee, the provisions of AB 637 were negotiated with the California Redevelopment Association (CRA), the Western Center on Law and Poverty, representatives of housing nonprofits and the Department of Housing and Community Development (HCD).

In addition to the sunset inclusionary provisions of AB 1290, six additional issues were addressed in AB 637. Those additional issues are:

- Targeting Housing Funds (Section 33334.4)
- Replacement Housing (Section 33413 (a)) 100 percent to be affordable instead of 75 percent.
- Replacement Housing (Section 33411.5) Agency must keep a list of those displaced and who are to be given priority.
- Housing Funds and Infrastructure. (Section 33334.2(e)(2)) Establishes regulations where Housing Funds may be used for onsite or offsite improvements.
- Length of Covenants (Section 33334.3) Increased from 10 to 45 years in the case of owner occupied units, and from 15 to 55 years in the case of rental projects.
- Leverage (Section 33334.3(j)) Housing Fund monies are to be used only to the extent other reasonable means of private or commercial financing is not reasonably available.

The additional issue of targeting of Housing Funds is now required of the Agency. Pursuant to Section 33334.4, this provision requires that over the duration of a housing implementation plan (a ten-year period), the Agency is to spend monies from the Housing Fund for low- and very low-income persons in at least the proportion of the total housing need that these income groups represent, as determined for the City pursuant to Section 65584 of the Government Code (Regional Housing Needs Assessment). In addition, the Agency is to spend monies during this same period of time for housing available to families with children in at least the same proportion as the population under age 65 as the total population of the community as reported in the most recent census.

In accordance with Section 33490(a)(2)(A)(iii), the first time period to implement the requirements for targeting of Housing Funds is on or before December 31, 2014, and each ten years thereafter.

If the Agency over the first five years of the Implementation Plan deposits in the Housing Fund less than two million dollars ($2,000,000), the Agency will have an extra five years to meet the requirement to target Housing Funds.

1.4.3 Senate Bill 701

SB 701 was Chaptered on September 22, 2002 and clarifies how AB 637 is to be enacted. Per SB 701 the Implementation Plan will be prepared taking into account AB 637 requirements. Subsequently, the City will have ten years or until December 31, 2014 to comply with the legal requirements outlined in AB 637.

1.5 Purpose of the Implementation Plan

The first and foremost purpose of preparing this updated Implementation Plan is to fulfill the Agency's legal requirements. The requirement for implementation plans reflects a strong legislative concern that redevelopment activities should be connected with the blight that justified adoption of the redevelopment plan. The Implementation Plan is one of several requirements which now direct that redevelopment activities be linked to elimination of blight.

For each of the Agency's seven project areas, the Implementation Plan will identify the following:

- The original project area goals and conditions of blight;
- The projects previously undertaken to address the conditions of blight;
- The current conditions of blight;
- The goals/objectives for the project area during the next five years; and,
- The specific action programs for each of the next five years.

The Implementation Plan also includes a five-year cashflow projection, which identifies the proposed program expenditures and the anticipated sources of funding.

The Implementation Plan also summarizes the Agency's housing programs for the next five years identifying the Agency's prior housing accomplishments, its outstanding legal obligations to produce affordable units, the financial status of the Housing Fund, and a five-year housing strategy consistent with the City's Housing Element.

1.6 Notice of Public Hearing

The CRL requires that the Agency adopt the Implementation Plan after holding a public hearing. Notice of the public hearing must be posted in at least four locations in each project area for a period of at least three weeks ending at least ten days prior to the hearing. In addition, notice of the public hearing must be published once a week for three consecutive weeks in a newspaper of general circulation. The first notice must be published at least 31 days prior to the hearing.

1.7 Public Participation Process

To provide an opportunity for those with a vested interest in the Agency's activities, every property owner, business owner and residential tenant in the seven project areas were invited to attend four community meetings. A copy of the invitation that was mailed to each of them is shown on the following page. The community meetings were held in order to encourage participation and allow the public to be directly involved and instrumental in making recommendations regarding the Agency's capital improvement plans. The public hearing to adopt the Implementation Plan will provide another opportunity for public input.

City of Colton

City of Colton

City of Colton

Community Meetings
Redevelopment
2005 - 2009 Implementation Plan

<u>Topics of Discussion:</u>

Reason for an *Implementation Plan*

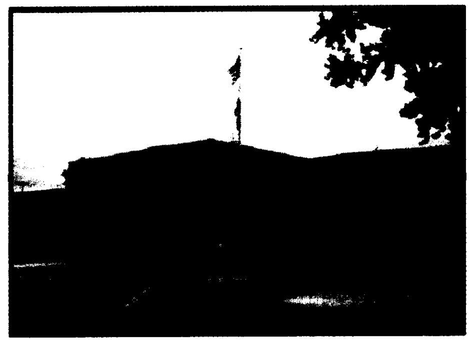
- Establishes Goals and Objectives
- Covers the 7 redevelopment plans in the City *(see map on reverse side)*

Future Redevelopment Projects

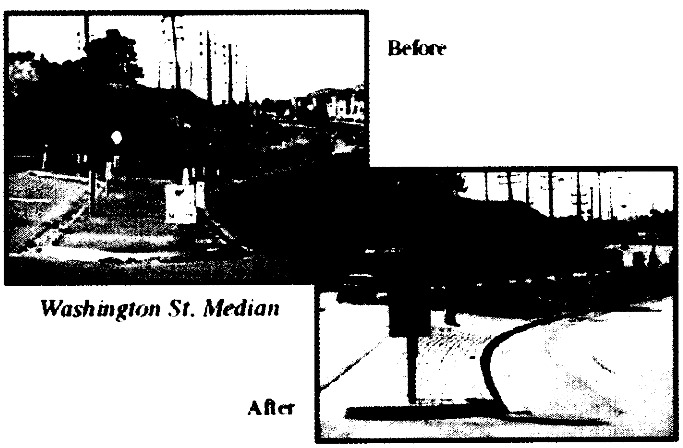
- What is needed in your community?
- Where do you want to see improvements?

Present and Past Redevelopment Projects

- Mt. Vernon Avenue Streetscape
- Washington Street Median and Landscaping
- New Moss Bros. Ford Dealership
- Hampton Inn Remodel
- Frank A. Gonzales Community Center
- Over 400 silent second home loam programs



Frank A. Gonzales Community Center



Before

Washington St. Median

After

Four Community Meetings

Monday, May 10, 2004
6:00 p.m.
Cooley Ranch Elementary School
1000 S. Cooley Drive

Wednesday, May 12, 2004
6:00 p.m.
Frank A. Gonzales Community Center
670 Colton Avenue

Monday, June 7, 2004
6:00 p.m.
Cooley Ranch Elementary School
1000 S. Cooley Drive

Wednesday, June 9, 2004
6:00 p.m.
Frank A. Gonzales Community Center
670 Colton Avenue

With your support and involvement, redevelopment can work for you. If you are unable to attend a meeting, but would like more information, please call Rod Yahnke at (909) 370-5167.

Para mas información en español, por favor llame a Gladys Barajas. (909) 370-5167

1.8 Definition of Blight

The presence of blight has always been the justification for the employment of redevelopment authority. The definition of blight is therefore a critical element of the initial analysis documenting the legal foundation for redevelopment.

The legal definition of "blight" has changed several times over the years. Although the Agency adopted its plans under prior blight definitions, the most recent definition is used in this Implementation Plan:

Health and Safety Code Sections 33030 and 33031 define a blighted area as one that...

> *... is predominantly urbanized and in which the combination of statutorily enumerated conditions (identified below) is so prevalent and so substantial that it causes a reduction or lack of proper utilization of an area to the extent that it constitutes a serious physical and economic burden on the community which cannot be expected to be reversed by private and /or governmental action, without redevelopment.*

The enumerated conditions of physical and economic blight are as follows:

Physical Blight

- Unsafe or unhealthy buildings that may result from code violations, dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities, or other similar factors.
- Conditions preventing or substantially hindering the effective use or capacity of buildings or lots, which may be caused by substandard design, inadequate size given present market conditions, lack of parking, or similar factors.
- Adjacent or nearby uses that are incompatible with each other and prevent economic development of the area.
- The existence of subdivided lots in multiple ownership of irregular form and shape and inadequate size for proper development.

Economic Blight

- Depreciated or stagnant property values or impaired investments, including, but not necessarily limited to properties containing hazardous waste and requiring redevelopment remediation authority.
- Abnormally high business vacancies, abnormally low lease rates, high turnover rates, abandoned buildings, or excess vacant lots in an area developed for urban use and served by utilities.
- Lack of necessary commercial facilities normally found in neighborhoods (e.g. grocery stores, banks, and drug stores).
- Residential overcrowding that has led to public safety and welfare problems.
- An excess of bars, liquor stores, or other businesses catering exclusively to adults that has led to public safety and welfare problems.
- A high crime rate constituting a serious threat to the public safety and welfare.

The Implementation Plan does not reopen the issue of blight in the project areas to outside challenge, but it does require agencies to adopt goals, objectives and programs that are reasonably linked to the elimination of blight as it's currently defined.

1.9 Amendments to the Implementation Plan

The Implementation Plan is intended to be a flexible document, which defines the Agency's strategy for addressing the community's blighting conditions. The Implementation Plan does not identify every potential activity or expenditure of the Agency during the next five years. Circumstances and market conditions change, new projects are prioritized, and a variety of events cannot be foreseen at this point in time.

The Implementation Plan sets forth a general strategy for the redevelopment of the project areas and identifies a variety of programs, which are consistent with this strategy. The Implementation Plan will be amended only if significant changes in direction are contemplated.

The Agency is required to conduct a public review of the Implementation Plan sometime between the second and third year after its adoption. Assuming that no major changes in direction occur before that time, the Implementation Plan may be amended at that time to incorporate any new directions the Agency may wish to pursue in its mission to eliminate blight in the community.

2.0 REDEVELOPMENT AGENCY FOR THE CITY OF COLTON

2.1 History of the Redevelopment Agency

The Agency was activated by the City Council in January 1962. It remained inactive until the first project area was adopted in January 1964. Over the past four decades a total of seven project areas have been adopted. Together, these project areas cover over 2,000 acres of the City, and include residential, commercial, industrial and public land uses. Table 1 indicates the adoption date for each project area or amendment to a project area to add territory. Figure 1 illustrates the geographic location of each project area.

Table 1
Project Area Adoption Dates

Project Area	Adoption Date
Downtown Redevelopment Area Project No. 1	January, 1964
Downtown Redevelopment Area Project No. 2	January, 1966
Cooley Ranch, Project No. 4	July, 1975
Amendment No. 2	December, 1979
Santa Ana River Redevelopment Project	December, 1982
West Valley Redevelopment Project	July, 1986
First Amendment	June, 1987
Mt. Vernon Corridor Redevelopment Project	June, 1987
Rancho/Mill Redevelopment Project	July, 1994

Source: Redevelopment Agency for the City of Colton

2.2 Agency Organization

The Agency is a public body, corporate and politic, existing by virtue of the CRL. The Agency is governed by a seven-member board, which consists of the Mayor and City Council. The Chairperson is the Mayor of the City and is elected by the voters from the entire City. The Vice Chairperson of the Agency Board is appointed from its members. Daily administration of the Agency is provided by the City Manager who serves as the Agency's Executive Director. The Agency also employs a Redevelopment Director and support staff to undertake various tasks, projects and programs of the Agency. The Agency's current organizational structure is illustrated as Figure 2.

Figure 1
Map of Project Areas

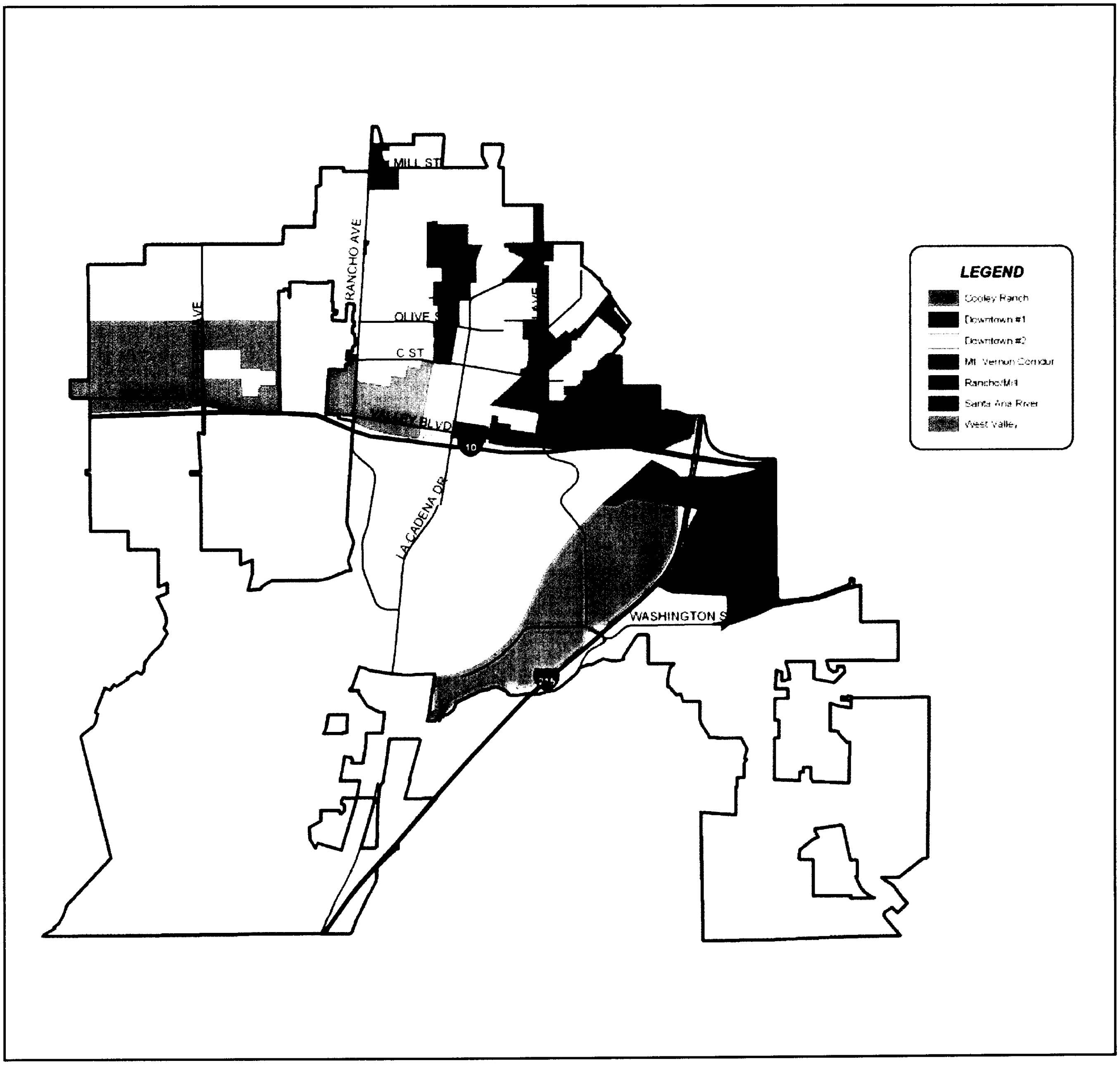
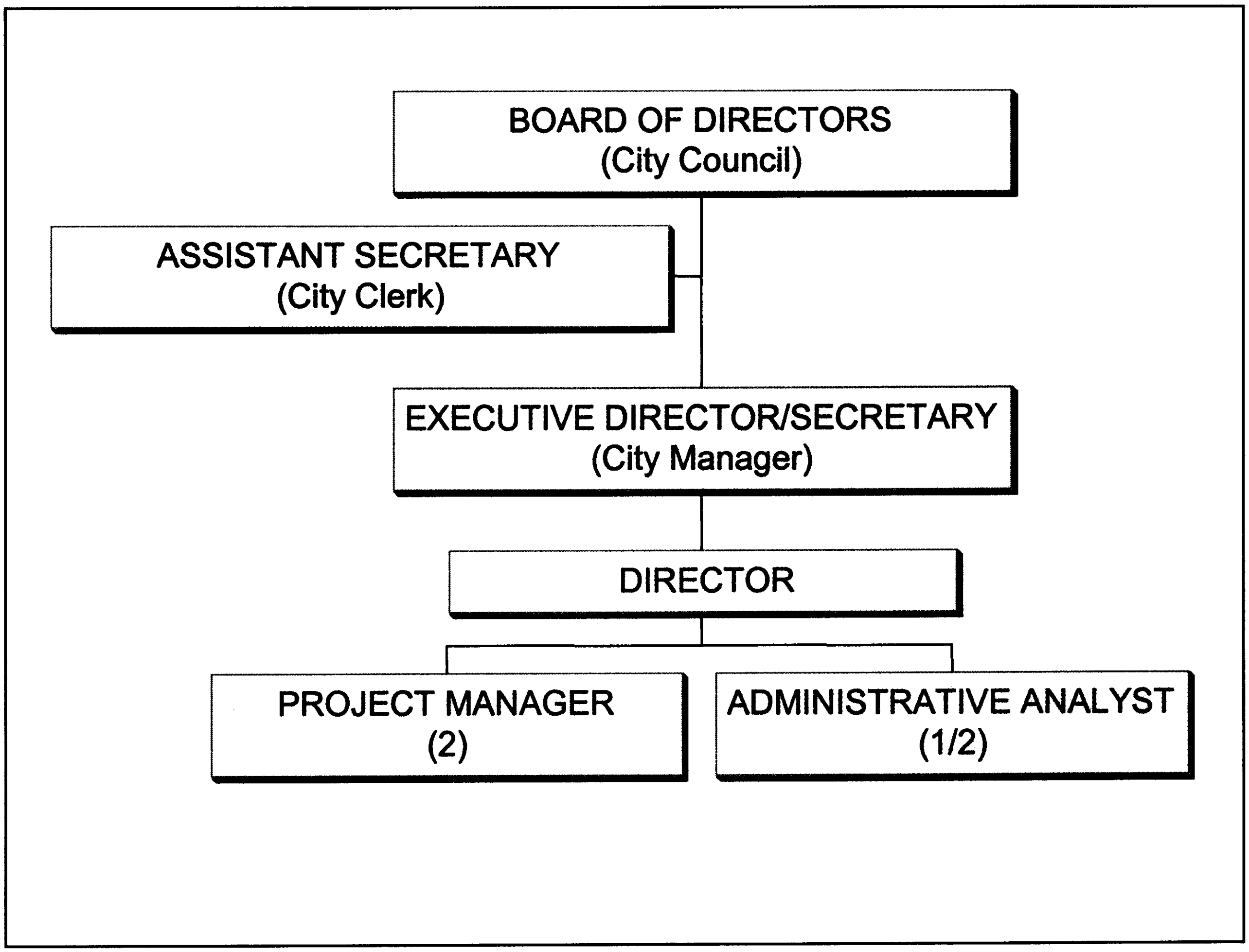


Figure 2
Agency's Organizational Structure



2.3 Redevelopment Plan Limitations

2.3.1 Redevelopment Plans Adopted After 1994 (Section 33333.2)

The Rancho/Mill Redevelopment Project Area ("Rancho/Mill") was adopted in July 1994. A redevelopment plan adopted after January 1, 1994 containing the provisions set forth in Section 33670 (tax increment financing) must contain all of the time limitations as shown in Table 2.

Table 2
Time Limitations After 1994

Limit	Timeframe
Establishment of loans, advances and indebtedness	Not to exceed 20 years from the adoption date of the redevelopment plan.
Effectiveness of the Redevelopment Plan	Not to exceed 30 years from the adoption date of the redevelopment plan.
Time limit for repayment of indebtedness.	Not to exceed 45 years from the adoption date of the redevelopment plan.

Source: Community Redevelopment Law

The time limitation for establishment of loans, advances and indebtedness may be extended only by amendment of the redevelopment plan after the agency finds, based on substantial evidence, that (1) significant blight remains within the project area; and (2) this blight cannot be eliminated without the establishment of additional debt.

2.3.2 Pre-January 1, 1994 Redevelopment Plans (Section 33333.6

The time limitations shown in Table 3 apply to redevelopment plans adopted on or before December 31, 1993 that contain the provision for tax increment financing.

Table 3
Time Limitations Before 1994

Limit	Timeframe
Establishment of loans, advances and indebtedness	The later of 20 years after plan adoption or January 1, 2004
Effectiveness of the Redevelopment Plan	The later of 40 years after plan adoption or January 1, 2009.
Time limit for repayment of indebtedness.	Not later than 10 years after the termination of the redevelopment plan activities.

Source: Community Redevelopment Law

In December 1994, the Agency established and amended certain time limitations with respect to the Downtown Redevelopment Area Project No. 1 ("Downtown No. 1"), Downtown Redevelopment Area Project No. 2 ("Downtown No. 2"), Cooley Ranch, Project No. 4 ("Cooley Ranch"), Amendment No. 2 to the Cooley Ranch, Project No. 4 ("Cooley Ranch Amendment"), Santa Ana River Redevelopment Project ("Santa Ana River"), West Valley Redevelopment Project ("West Valley"), First Amendment to the West Valley Redevelopment Project ("West Valley Amendment") and Mt. Vernon Corridor Redevelopment Project ("Mt. Vernon Corridor") Redevelopment Plans to comply with the provisions of AB 1290. However, those amendments in certain instances did not extend the time limits to the full extent provided for by AB 1290. Therefore, the Agency again established and amended certain time limitations in the West Valley, West Valley Amendment and Mt. Vernon Corridor Redevelopment Plans as allowed for under AB 1342 in September 1999. These recent amendments extended the redevelopment plans to the later limit of 40 years from the date the plan was adopted. This coincidentally resulted in an extension of time limits for the repayment of debt.

On May 4, 2004, the City Council adopted Ordinances O-09-04 through O-16-04 amending the Redevelopment Plans for Downtown No. 1, Downtown No. 2, Cooley Ranch, Cooley Ranch Amendment, Santa Ana River, West Valley, West Valley Amendment, Mt. Vernon Corridor and the Rancho/Mill in accordance with SB 1045. SB 1045 allows the City Council to extend the time limits for the effectiveness of the plan and for repayment of indebtedness by one year pursuant to Section 33681.9.

Table 4 summarizes the current redevelopment plan limitations in each of the seven project areas.

Table 4
Summary of Redevelopment Plan Limitations

Plan Limit	Cooley Ranch	Santa Ana River	Downtown No. 1	Downtown No. 2	Mt. Vernon Corridor	West Valley	West Valley Amendment	Rancho/Mill
(Enabling Ordinance)	07/29/75 Ord. No. 1478	12/29/82 Ord. No. 1632	01/15/64 Ord. No. 1179	01/18/66 Ord. No. 1263	6/30/87 Ord. No. O-8-87	07/15/86 Ord. No. O-10-86	06/30/87 Ord. No. O-9-87	07/05/94 Ord. No. O-13-94
Plan Amended	01/16/79 (Ord. 1559) 12/18/79 (Ord. 1574) 06/03/86 (Ord. O-8-86)		12/02/86 (O-16-86)	12/02/86 (O-17-86	09/21/99 (O-17-99)	09/21/99 (O-18-99)	09/21/99 (O-18-99)	
Last Date to Incur Debt	01/1/04	12/29/97	12/02/96	12/02/01	6/30/07	07/15/06	6/30/07	07/05/14
Last Date for Redevelopment Activities	**07/29/16** (Ord O-10-04) 07/31/15 (O-1-95)	**12/31/23** (Ord. O-09-04) 12/31/22 (O-28-94)	**1/1/10** (Ord O-15-04) 01/01/09 (O-22-94)	**1/1/10** (Ord O-16-04) 01/01/09 (O-23-94)	**6/30/28** (Ord O-11-04) 6/30/27 (O-17-99)	**7/15/27** (Ord O-12-04) 7/15/26 (O-18-99)	**6/30/28** (Ord O-13-04) 6/30/27) (O-19-99)	**7/5/25** (Ord O-14-04) 07/05/24 (O-13-94)
Last Date to Repay Debt with Tax Increment	**07/29/26** (Ord O-10-04) 07/31/25 (O-1-95)	**12/31/33** (Ord O-09-04) 12/31/32 (O-28-94)	**1/1/20** (Ord O-15-04) 01/01/19 (O-22-94)	**1/1/20** (Ord O-16-04) 01/01/19 (O-23-94)	**6/30/38** (Ord O-11-04) 6/30/37 (O-17-99)	**7/15/37** (Ord O-12-04) 7/15/36 (O-18-99)	**6/30/38** (Ord O-13-04) 6/30/37 (O-19-99)	**07/05/40** (Ord O-14-04) 07/05/39 (O-13-94)
Tax Increment Limit	$150MM	$60MM	$13MM	$16MM	$145MM	$100MM	$ 36MM	
Maximum Bonded Debt	$100MM	$16.4MM	No limit	No limit	$ 45MM	$ 30MM	$ 30MM	$20MM
Eminent Domain Term Limit	06/03/98 EXPIRED	12/29/94 EXPIRED	12/02/98 EXPIRED	12/02/98 EXPIRED	6/30/98 EXPIRED	07/15/98 EXPIRED	06/30/99 EXPIRED	7/05/2006

2.4 Housing Production Plan (Section 33413)

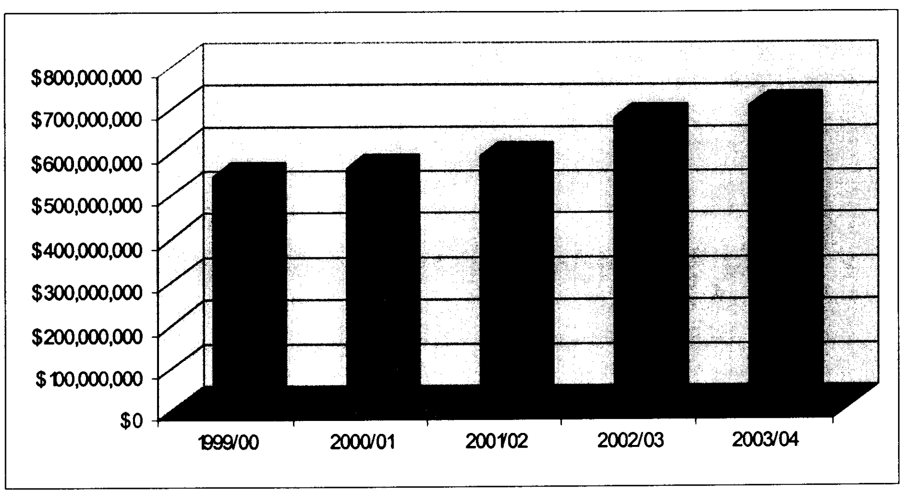
The housing production provisions of CRL Section 33413 apply only to project areas adopted after January 1, 1976. Two of the project areas listed above – Downtown No. 1 and Downtown No. 2 were adopted prior to this date and thus, are not subject to the housing production provisions of the law at this time.

The Redevelopment Plan for the Cooley Ranch Project Area was also adopted prior to January 1, 1976, but was subsequently amended to add territory in December 1979. The territory added by the Cooley Ranch Amendment is subject to the housing production provisions of the CRL, while the original territory of the Cooley Ranch Project Area is not subject to the housing production requirements.

2.5 Assessed Valuation Trends

The Agency's principal source of revenue is property tax increment, which is derived from the increase in valuation of properties located within each project area after adoption of a redevelopment plan. Tax increment is the increase in property taxes paid on this incremental valuation. Changes in assessed valuation are therefore critically important to the Agency. Figure 3 illustrates the growth in assessed value for all of the project areas.

Figure 3
Total Assessed Valuations for Last Five-Year Period



Source: County of San Bernardino

The combined assessed value for all of the project areas increased by 31 percent over the last five-year period from approximately $541.4 million to $704.9 million. Table 5 illustrates the assessed value and the rate of increase in value for each project area.

Table 5
Assessed Valuation for Last Five-Year Period

Project Area	1999/00	2000/01	2001/02	2002/03	2003/2004	$ Change	Percent Change
Downtown No. 1	7,705,188	8,124,241	8,440,794	9,013,577	8,969,701	1,264,513	16.4%
Downtown No. 2	5,127,085	5,058,215	4,901,870	5,986,383	6,189,986	1,062,901	20.7%
Cooley Ranch	184,827,467	184,247,769	191,903,120	217,615,253	249,720,699	64,893,232	35.1%
Santa Ana River	156,302,060	159,491,444	164,133,253	208,707,362	190,232,773	33,930,713	21.7%
West Valley	35,155,537	35,883,114	42,387,342	68,993,128	71,484,877	36,329,340	103.3%
West Valley Amendment	24,866,733	25,013,452	26,095,982	26,998,476	28,882,795	4,016,062	16.2%
Mt. Vernon Corridor	91,409,490	87,402,497	89,710,380	92,471,000	97,244,472	5,834,982	6.4%
Rancho/Mill	35,963,718	54,152,540	62,340,505	48,074,526	52,211,270	16,247,552	45.2%
Total	541,357,278	559,373,272	589,913,246	677,859,705	704,936,573	163,579,295	30.2%

Source: County of San Bernardino & GRC Associates, Inc.

3.0 IMPLEMENTATION PLAN BY PROJECT AREA

3.1 Background

This section of the Implementation Plan focuses on the Agency's non-housing activities for the next five-year period and addresses:

- The specific goals and objectives of the Agency for each project area.
- The specific programs, including potential projects, proposed to be made during the next five years.
- An explanation of how the goals, objectives, and projects will eliminate blight within each project area.

3.2 Universal Agency Goals and Objectives

Although the Agency has specific goals and objectives for each project area, the seven redevelopment plans have a high degree of redevelopment policy and programmatic consistency among them. As such, the Agency has a variety of universal goals and objectives. These general redevelopment activities for all seven project areas have been combined and consolidated into a set of mutual goals and objectives as follows:

1. Eliminate and prevent the spread of blight and deterioration, and to guide new development to meet the needs of the community as reflected in the redevelopment plan, and the City's General Plan.
2. Implement the land uses and concepts of the City's General Plan and the City's Zoning Ordinance as may be amended from time to time.
3. Encourage cooperation and participation of residents, businesses, public agencies, and community organizations in revitalizing the project area.
4. Encourage private sector investment in the development of the project area.
5. Promote economic well being by encouraging diversification of the community's commercial base.
6. Promote development of diverse local job opportunities.
7. Eliminate blighting influences including deteriorating buildings, incompatible and uneconomic land uses, obsolete structures, and other environmental, economic, and social deficiencies; improve the overall appearance of existing buildings, streets, parking areas, and other facilities, public and private; and, assure that all buildings, new and old, are safe for people and businesses to occupy.
8. Provide adequate parcels to encourage new construction by private enterprise, thereby providing the City of Colton with an improved economic base.

9. Provide new or improved public improvements and facilities, the absence or inadequacy of which constitute an economic liability of the City and which cannot be remedied by private or governmental action without redevelopment.
10. Establish development criteria and controls for the permitted uses within the project area in accordance with modern and competitive development practices, thus assuring the highest design standards and environmental quality.
11. Provide for relocation assistance and benefits to businesses and residents which may be displaced, in accordance with the provisions of CRL.
12. Make provision for housing as is required to satisfy the needs and desires of various age, income, and ethnic groups of the community, maximizing opportunity for individual choice.
13. Achieve a physical environment reflecting a high level of concern for architectural and urban design principles deemed important by the community.
14. Provide a procedural and financial mechanism by which the Agency can assist, complement, and coordinate public and private development, redevelopment, revitalization, and enhancement of the community.
15. Address conditions of improper utilization of the area resulting in an unproductive condition of land potentially useful and valuable.
16. Reverse a trend of very low tax revenues by taking advantage of an opportunity to make the site highly productive in tax revenues.
17. Provide substantial benefit to the public through the revitalization of blighted areas and the increased economic vitality of these areas.
18. Eliminate areas suffering from economic dislocation as a result of faulty planning, defective design, or other reasons.
19. Replan, redesign, and rehabilitate and/or develop areas which are stagnant or improperly utilized.
20. Alleviate conditions of obsolescence, deterioration, dilapidation, mixed character of uses, depreciated values, impaired investment, and economic maladjustment.
21. Protect and promote sound development and redevelopment of blighted areas and protect the general welfare of citizens of the City by remedying such injurious conditions through the employment of appropriate means.
22. Eliminate or ameliorate certain environmental deficiencies including; substandard vehicular circulation systems; inadequate water, sewer, and storm drainage systems; off-street parking; and, other similar public improvements, facilities, and utility deficiencies adversely affecting the project area.

3.3 Downtown No. 1

3.3.1 Project Background

The City Council established the Downtown No. 1 Project Area by the adoption of Ordinance 1179 on January 15, 1964. Downtown No. 1 consists of 18.3 acres of commercially zoned property located in the central business district of the City, generally north of Interstate 10, south of H Street between La Cadena Drive and the former Pacific Electric Railroad right-of-way.

In 1985, the housing set-aside requirements were imposed on redevelopment project areas established prior to 1977 (AB 265, Hughes). The Downtown No. 1 Project Area was subsequently amended in 1986 by the adoption of Ordinance No. O-16-86 to reflect this change in the CRL.

The redevelopment plan limitations for the Downtown No. 1 Project Area are as follows:

Last Date for Redevelopment Activities:	01/01/10
Last Date to Repay Debt with Tax Increment:	01/01/20
Tax Increment Limit:	$13 Million
Limit on Bonded Indebtedness:	No limit
Eminent Domain:	Expired

3.3.2 Initial Conditions of Blight

The Report to City Council for Downtown No. 1 indicates that a significant amount of physical and economic blighting characteristics were present within the project area. Conditions of blight present within Downtown No. 1 included:

- Widespread structural deterioration and dilapidation.
- Poor site planning.
- Inadequate parking, on-site circulation problems.
- Incompatible adjacent land uses.
- High vacancy rates for commercial and industrial property.

The combination of these conditions prevented the viable use of buildings and lots given community standards. The existence of high vacancy rates was indicative of depreciated values and impaired investments, and severely impacted the area's ability to produce revenues for the City through sales and property taxes.

3.3.3 Current Conditions

Since adoption of the Redevelopment Plan for Downtown No. 1, the blighting conditions described above have generally been eliminated from the project area. The area is now characterized by relatively new development that was constructed as a result of Agency activities.

Vacant units, while not widespread, are still evident in the Downtown No. 1 Project Area. Currently, the former Carrows restaurant is vacant.

For the most part, Downtown No. 1 does not evidence significant concentrations of blight. Though commercial vacancies exist, the area has attracted a number of national tenants including Burger King and Hampton Inn. The general physical environment is in good condition.

Since plan adoption, the Agency has initiated a number of capital improvement projects in Downtown No. 1. Projects completed in the last 10 years include median and sidewalk landscape improvements, monument sign installation and landscaping along East Valley Boulevard, street overlay and intersection improvements.

The Agency has until January 1, 2010 to pursue plan activities in Downtown No. 1. Once that deadline is reached, the Agency cannot undertake any redevelopment activities except paying previously incurred debt and enforcing existing contracts and obligations.

3.3.4 Agency Activities Over the Last Five Years

This section examines the redevelopment activities that were initiated by the Agency to eliminate blighting conditions. Over the past five years, the Agency has assisted with the redevelopment of Dominguez Plaza. Initiated in 2001, the former Thriftlodge, a vacant 100-room hotel was completely redeveloped with interior demolition and exterior treatments. The hotel remodeling reduced the number of rooms to 82 rooms/suites. The hotel is three stories and is approximately 55,000 square feet in size. The new operator, the Hampton Inn, has added 20 fulltime employees. The Agency entered into an Owner Participation Agreement (OPA) with Dominguez Plaza LLC (the property owner), in order to rehabilitate the hotel facility. Dominguez Plaza requested the City and the Agency to reimburse its construction costs of all off-site improvements approved by the City in connection with the project, including construction and maintenance of two permanent off-site signs. The agreement was later amended to extend the reimbursement period and to allow construction of one permanent on-site sign and one permanent freeway-oriented sign. The City also vacated one half of H Street to allow for additional onsite parking. This portion of the project was completed in 2003.

Hampton Inn

3.3.5 Five Year Goals, Objectives and Programs

Downtown No. 1's existing debt obligations commit all existing tax increment leaving the project area with no available tax increment for further redevelopment projects. Most of the Agency's efforts will therefore be limited to general business retention and rehabilitation efforts.

Goal: **To promote the economic revitalization of Downtown No. 1.**

Objective #1: **Improve the retention and expansion of existing businesses.**

Actions:

(a) Work on a case-by-case basis with property owners and leasing agents to fill currently unoccupied space with complementary tenants.

(b) Facilitate the distribution of informational materials marketing current retail facilities.

Objective #2: **Encourage new businesses to locate in and around Downtown No. 1.**

Actions:

(a) Work with Dominguez Plaza LLC to complete Phase II, as outlined in the OPA.

(b) Identify restaurants currently absent from the downtown market area and contact them regarding Dominguez's vacant restaurant building.

(c) Assist Dominguez in targeting tenants for retail strip center to encourage a diverse customer base for the downtown.

The Actions described herein and any funding amounts established to be available are subject to modification, changes in priority, replacement with another project, or cancellation by the Agency.

3.4 Downtown No. 2

3.4.1 Project Background

The Downtown No. 2 Project Area was adopted by Ordinance No. 1263 of the City Council on January 18, 1966. Downtown No. 2 consists of approximately 14.5 acres of land and is generally located north of Interstate 10, south of H Street, west of La Cadena Drive (Eighth Street) and east of the Burlington Northern/Santa Fe (BNSF) railroad lines.

In 1985, the housing set-aside requirements were imposed on redevelopment project areas established prior to 1977 (AB 265, Hughes). Downtown No. 2 was subsequently amended in 1986 with the adoption of Ordinance No. O-17-86 to reflect this change in the CRL.

The redevelopment plan limitations for Downtown No. 2 are as follows:

Last Date for Redevelopment Activities:	01/01/10
Last Date to Repay Debt with Tax Increment:	01/01/20
Tax Increment Limit:	$16 Million
Limit on Bonded Indebtedness:	No limit
Eminent Domain:	Expired

3.4.2 Initial Conditions of Blight

The Report to City Council for Downtown No. 2 revealed a significant amount of physical and economic blight characteristics within Downtown No. 2. Conditions of blight included:

- Widespread structural deterioration and dilapidation.
- Poor site planning.
- Inadequate parking, on-site circulation problems.
- Incompatible adjacent land uses.
- High vacancy rates for commercial and industrial property.

The combination of these conditions prevented the viable use of buildings and lots given community standards. The existence of high vacancy rates was indicative of depreciated values and impaired investments, and severely impacted the area's ability to produce revenues for the City through sales and property taxes.

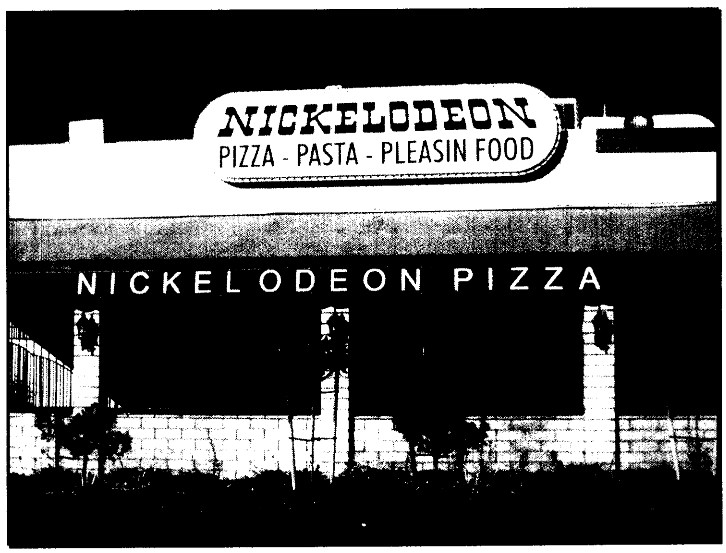
3.4.3 Current Conditions

Since redevelopment plan adoption, the blighting conditions have generally been eliminated from the Downtown No. 2 Project Area. For the most part, the project area does not exhibit significant concentrations of blight. The area is now characterized by relatively new development that was constructed as a result of Agency activities. Although commercial vacancies do exist, the area has attracted a number of national tenants such as McDonalds, Denny's, Mobil, and Hollywood Video. The office buildings in the area do show the most signs of weakness along with properties that are located off Valley Boulevard. Several properties in the area have parking deficiencies, which limit their re-use.

Since plan adoption, the Agency has initiated a number of capital improvement projects in Downtown No. 2. Projects completed in the last 10 years include median and sidewalk landscape improvements, monument sign installation and landscaping along East Valley Boulevard, and street overlay and intersection improvements.

3.4.4 Agency Activities Over the Last Five Years

The Agency approved a Settlement Agreement in 2000 with Nickelodeon Pizza to facilitate their relocation from the former Frontiertown property in the West Valley Project Area to a new location on Valley Boulevard. As part of the negotiated terms of the Settlement Agreement, the Agency agreed to pay $300,000 for the closure of Nickelodeon's former location as well as a commitment to pay $75,000 towards the expansion of its new location. In addition, the Agency paid the costs of certain development fees and costs, which are estimated at $22,000. The total consideration of the Settlement Agreement was $397,000.



Relocation of Nickelodeon to Valley Boulevard

Nickelodeon Pizza completed the relocation and expansion project in 2003. The capital improvement project also included the installation of lighting, landscaping, signage and parking lot upgrades. At Nickelodeon Pizza's new location 15 individuals are employed.

3.4.5 Five Year Goals, Objectives and Programs

Due to pre-existing debt obligations, Downtown No. 2 has no capacity to undertake projects using tax increment financing. Most of the Agency's future efforts will therefore most likely be limited to general business retention and rehabilitation efforts.

Goal: To retain and strengthen existing businesses, ensure a complementary tenant mix, and sustain an economically viable central business district.

Objective #1: **Improve the retention and expansion of existing businesses.**

Actions:

(a) Work on a case-by-case basis with property owners and leasing agents to fill currently unoccupied space with complementary tenants.

(b) Facilitate the distribution of informational materials marketing current retail facilities.

The Actions described herein and any funding amounts established to be available are subject to modification, changes in priority, replacement with another project, or cancellation by the Agency.

3.5 Cooley Ranch

3.5.1 Project Background

The Cooley Ranch Project Area was created by City Council through the adoption of Ordinance No. 1478 on July 29, 1975. The redevelopment plan was subsequently amended for ministerial reasons by the adoption of Ordinance 1559 on January 16, 1979 and then amended again by Ordinance No. 1574 on December 18, 1979. This second amendment to the redevelopment plan added area to the project area. As such, the territory added by the 1979 amendment is subject to the housing production provisions of the CRL, while the original territory of the project area is not subject to the housing production requirements. The redevelopment plan was later amended again on June 3, 1986 by the adoption of Ordinance No. O-8-86, which authorized the issuance of Tax Allocation Bonds to fund public improvements and to add major capital improvement projects to be funded through tax increment.

The Cooley Ranch Project Area encompasses approximately 436 acres of land in the southeast portion of the City, southwest of the I-215 and I-10 interchange. The project area has a north/south orientation, as it runs alongside the I-215 freeway on its eastern boundary and the Santa Ana River on its western boundary. Cooley Ranch Project Area is adjacent to the Santa Ana River Project Area, which is located to the northeast.

The project area is a planned community and includes residential, commercial, and industrially zoned property. As a result of the tremendous increase in commercial, office, industrial, and residential development in Cooley Ranch, there continues to be significant demand for expanded public improvements, particularly enhanced access into, and throughout, Cooley Ranch.

The redevelopment plan limitations for Cooley Ranch are as follows:

Last Date for Redevelopment Activities:	07/29/16
Last Date to Repay Debt with Tax Increment:	07/29/26
Tax Increment Limit:	$150 Million
Limit on Bonded Indebtedness:	$100 Million
Eminent Domain:	Expired

Cooley Ranch Amendment contains the same limitations as the original project area.

3.5.2 Initial Conditions of Blight

The primary blighting influences at the time of plan adoption can be summarized as follows:

- Age, deterioration, and dilapidation of structures.
- Mixed character and shifting of uses.
- Defective design and physical construction.

- Laying out of lots with disregard for the physical character of the ground and surrounding conditions.
- Depreciated values and impaired investments.
- Existence of lots of irregular form and inadequate size and shape for modern development.
- Existence of inadequate public improvements.

At the time the redevelopment plan was adopted for the Cooley Ranch Project Area, properties within the project area were unimproved, or improved with farm related structures. Cooley Ranch was a cattle ranch originally owned by the Cooley family and contained one two-lane road.

3.5.3 Current Conditions

As a result of Agency activities, the Cooley Ranch Project Area is now characterized by large-scale, contemporary residential and commercial development. There are, however, blighting conditions that remain, and continue to impair private investment and development activity in the area. These conditions include:

- High building vacancies, depreciated values and impaired investments.
- The existence of inadequate public improvements.

Cooley Ranch is generally in good physical condition; however during the 1990's there was a prevalence of depreciated values and impaired investments. This situation was caused by structural changes in the local economy, the effects of a recession and over building of some real estate products.

During this time, as tenants and businesses have closed or relocated from Cooley Ranch, rents and property values have decreased. Properties were foreclosed upon and resold at much lower assessed values. This has occurred in commercial, industrial and residential properties. The most noticeable of the disinvestments in the area are evidenced by the vacant Kmart, Von's Expo building, and General Cinema Theater.

Since redevelopment plan adoption for the Cooley Ranch Project Area, the Agency has initiated a number of capital improvement projects. The following is a list of major projects and activities completed in or of benefit to the project area:

- M Street realignment and signalization.
- Signalization of streets within the Centerpointe development.
- Washington Street/I-215 freeway and street widening project.
- Cooley Ranch signalization timing.
- Street overlay.
- Cooley Drive extension.
- Monument sign installation and landscaping (south Mt. Vernon Avenue).
- Construction of electric substation.

- Construction of Fire Station #4.
- Construction of Ashley Way.

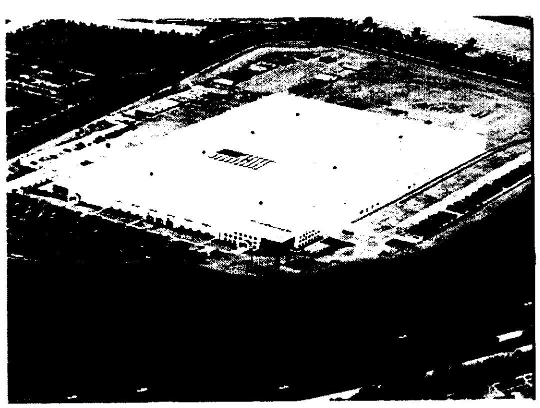
The Agency's activities in the Cooley Ranch Project Area over the last fifteen years have focused primarily on the construction or rehabilitation of public infrastructure. These improvements have enhanced the project area's ability to accommodate the many residents and businesses that have located in the area. In addition, issues of public safety have been addressed and resolved by some of these improvements.

Furthermore, some of the above-listed activities have served to improve the visual characteristics of the residential, commercial, and industrial developments by establishing points of entry and monument landmarks. Agency activities have thus assisted in upgrading the area's functional and aesthetic quality. It is this continual progression of improvement that has led to the alleviation of blighting conditions that once plagued the area, which in turn, has led to growth and expansion of the Cooley Ranch Project Area in general.

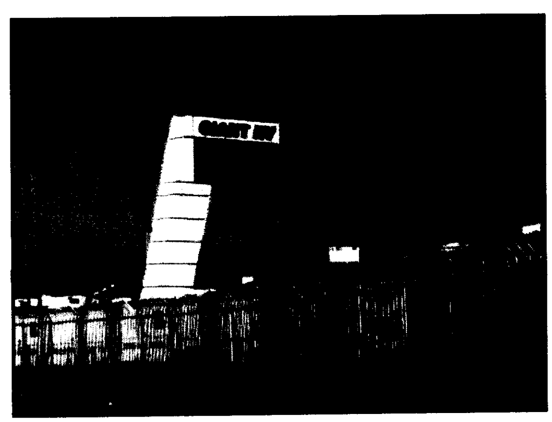
3.5.4 Agency Activities Over the Last Five Years

During the last five years, the development of the Giant Inland Empire RV dealership on Santo Antonio Drive was completed and opened for business. Additionally, the 75-acre TMI property transferred to a developer who has facilitated the construction of a 976,000 square feet: 856,000 square foot furniture manufacturing facility for Ashley Furniture and 22,142 square foot RV showroom and service facility for Canyon RV. A 70,000-square foot retail facility for Ashley Furniture is also planned for this site. Further, the City acquired 11.2 acres of the development for the construction of its Big League Dreams Recreational Facility, which is expected to open early 2006. The developer continues negotiations for the remaining 5 acres.

In 2003, the Agency commenced construction of $4.1 million infrastructure improvements, including road construction, streetlights, landscaping, electric, gas, and sewer placement.



Ashley Furniture



Giant RV

The Agency participated in a cooperative marketing campaign with the RV Dealers and on November 19, 2002, the City Council adopted Resolution R-134-02, which established a Kiosk Directional Sign Program for the RV Dealers. The Program was created to provide vehicular traffic with a mechanism so that they can easily find residential subdivisions and/or RV dealers. The Program was also created to provide a consistent, up-to-date appearance of the kiosks.

3.5.5 Five Year Goals, Objectives and Programs

The Agency's goals and objectives in Cooley Ranch for the years 2005-2009 are described, below. The following goals and objectives are presented in the context where the last date to incur indebtedness repayable with tax increment revenues from Cooley Ranch has passed and the Agency's activities in Cooley Ranch are limited to those activities that may be funded through sources other than directly with tax increment revenues, subject to the Agency's ability to amend the redevelopment plan to address these limitations.

Goal: **To promote the economic revitalization of Cooley Ranch.**

Objective #1: **Attract targeted tenants to the major big-box vacancies.**

Actions:

(a) Work with property owners and leasing agents to market currently unoccupied space such as the Kmart, Vons, Payless and the General Cinema Theater buildings.

Objective #2: **Preserve the economic vitality of the RV dealers.**

Actions:

(a) Obtain long-term commitments from RV dealers.

(b) Work with RV dealers to create and implement a cooperative advertising campaign.

(c) Work with RV dealers to construct a community-owned reader-board sign along the I-10 Freeway.

Objective #3: **Encourage property owners of major vacant properties to develop properties with complementary land uses.**

Actions:

(a) Construct the Ashley Furniture retail center.

(b) Complete Big League Dreams Sports Park.

(c) Work with property owner at the northeast corner of Santo Antonio Drive and Mt. Vernon Avenue to develop compatible uses.

Goal: **To provide public infrastructure improvements to induce private investment in Cooley Ranch.**

Objective #1: **Design and construct Washington Street Extension.**

Actions:

(a) Extend Washington Street as proposed in the City's General Plan Circulation Element.

(b) Develop bicycle paths along Mt. Vernon Avenue and Washington Street. These paths will also be used as hiking trails that will link to the proposed San Bernardino County Santa Ana River hiking trails. Other hiking trails will be developed that will connect to the Santa Ana River.

The Actions described herein and any funding amounts established to be available are subject to modification, changes in priority, replacement with another project, or cancellation by the Agency.

3.6 Santa Ana River

3.6.1 Project Background

The Santa Ana River Project Area was formally established by the City Council by adoption of Ordinance No. 1632 on December 29, 1982. The project area is located in the southeastern portion of the City, southeast of the I-215 and I-10 interchange, and northeast of the Cooley Ranch Project Area and contains approximately 425 acres.

Like the Cooley Ranch Project Area, the Santa Ana River Project Area is now composed of a series of planned communities, dominated by residential and commercial development. Growth in population and employment opportunities has led to the continuous need for expanded public improvements, particularly enhanced access into, and throughout, the Santa Ana River Project Area.

The redevelopment plan limitations for Santa Ana River are as follows:

Last Date for Redevelopment Activities:	12/31/23
Last Date to Repay Debt with Tax Increment:	12/31/33
Tax Increment Limit:	$60 Million
Limit on Bonded Indebtedness:	$16.4 Million
Eminent Domain:	Expired

3.6.2 Initial Conditions of Blight

The primary blighting influences at the time of plan adoption for the Santa Ana River Project Area are summarized as follows:

- Age, deterioration, and dilapidation of structures.
- Mixed character and shifting of uses.
- Defective design and physical construction.
- The laying out of lots in disregard for the physical character of the ground and surrounding conditions.
- Depreciated values and impaired investments.
- The existence of lots of irregular form and inadequate size.
- The existence of inadequate public improvements.

At the time the redevelopment plan was adopted, properties within the Santa Ana River Project Area were vacant with the exception of the properties located north of the railroad tracks. Conditions such as dislocation, deterioration and disuse resulting from faulty planning, the subdivision and sale of lots of irregular form and shape and inadequate size for usefulness and development, undevelopable residual parcels resulting from County flood control and State highway construction, and a prevalence of impaired investments and economic maladjustments had led to a reduction of, or lack of, proper utilization of the area to such an extent that it constituted a serious economic burden on the community. There were a substantial number of vacant and undevelopable properties along Steel Road in particular.

These conditions of blight and the subsequent under-productivity of the Santa Ana River Project Area had placed the subject properties in a very unfavorable competitive position with respect to newer and more comprehensively planned developments.

Because the Santa Ana River Project Area consisted of many separate properties under different ownerships and tenant leases, and, in some cases, because of deed restrictions that inhibited the total development of the site, the tools of redevelopment were seen as a viable solution to the blighting conditions.

3.6.3 Current Conditions

Centex has completed the last single-family tract and the Colton's Cooley Plaza shopping center has also been completed. This shopping center is anchored by Stater Bros. Market and Sav-on Drugs with numerous small retail and service shops. Approximately, 1,760 housing units have been built in the Santa Ana River Project Area since 1984 and the Cooley Ranch Elementary School was built by the Colton Joint Unified School District. OH Kruse/Con Agra completed a $20+ million modernization and expansion of their milling plant in 2000.

The project area is in good physical condition, except for the area of Hunts Lane and Steel Road that exhibits some signs of obsolescence and deterioration and has circulation issues. The remaining vacant parcels on Steel Road lack basic infrastructure such as water and sewer lines.

In summary, the conditions that continue to impair private investment and development activity in the area include:

- Age, deterioration, and dilapidation of structures.
- Mixed character and shifting of uses.
- Defective design and physical construction.
- Depreciated values and impaired investments.
- The existence of inadequate public improvements.

The Agency's activities in the Santa Ana River Project Area over the last few years have focused on the construction or rehabilitation of public infrastructure. These improvements have contributed to the area's ability to accommodate the many residents and businesses that have located in the area.

Furthermore, the installation of monuments and landscaping at points of entry has improved the visual characteristics of the residential and commercial developments throughout the area. Agency activities have assisted in upgrading the project area's functional and aesthetic quality. It is this continual progression of improvement that has led to the alleviation of blighting conditions that once plagued the area, which in turn, has led to growth and expansion of the Santa Ana River Project Area.

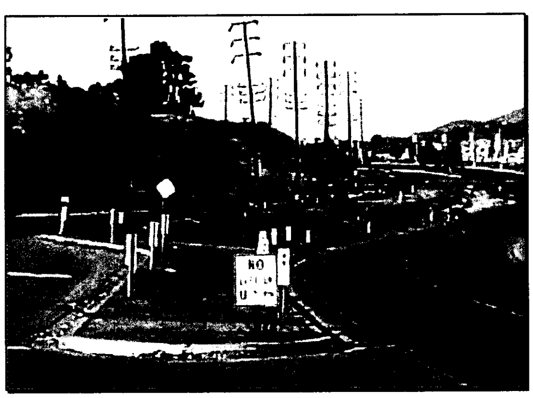
3.6.4 Agency Activities Over the Last Five Years

In 2000, the Agency entered into a redevelopment agreement with Taormina for the construction and rehabilitation of a 4,500 square foot office building, 11,550 square foot building for sorting and processing recycled materials, and a 3,200 square foot building for truck maintenance. The Agency also entered into a redevelopment agreement with Dieterich International Truck Sales for the construction of its half-acre display lot.

In 1998, the Colton Public Financing Authority issued Tax Allocation Bonds for the purpose of raising funds to make a loan to the Agency. This enabled the Agency to draw funds from the Santa Ana River Bond Account in an aggregate amount not to exceed $4,102,317. This money is being used to pay for the installation and construction of buildings, facilities, structures or other improvements that are publicly owned and situated within or of benefit to the Santa Ana River Project Area. As outlined below $1,034,950 was spent on:

Dauer Park Improvements:	$162,800
Cooley Park Improvements:	$ 85,500
Washington Street Median and Landscaping:	$637,650
Street Signal Improvement at Hunts Lane and Cooley Drive:	$149,000
	$1,034,950

Washington Street Median Improvement



Before ***After***

3.6.5 Five-Year Goals, Objectives and Programs

The Agency's goals and objectives in Santa Ana River for the years 2005-2009 are described, below. The following goals and objectives are presented in the context where the last date to incur indebtedness repayable with tax increment revenues from Santa Ana River has passed and the Agency's activities in Santa Ana River are limited to those activities that may be funded through sources other than directly with tax increment revenues. Additionally, Santa Ana River has a limit on the total amount of tax increment revenue that the Agency may receive, which has further limited the Agency's activities in Santa Ana River. The limitations on Santa Ana River are subject to the Agency's ability to amend the redevelopment plan to address these limitations.

Goal: **To provide a broad range of public infrastructure improvements to induce private investment in the Santa Ana River Project Area.**

Objective #1: **Upgrade public facilities.**

Actions:

(a) Invest $607,770 to design and construct the following public improvements:

1. Upgrade Cooley Ranch Wood Street subdivision.
2. Upgrade Cooley Drive from I-215 to Cooley Lane.
3. Upgrade Old Ranch Road between Cooley Drive and Mountain View.

(b) Other unfunded projects include:

1. Acquire, realign and construct Oliver Holmes Road.
2. Realign Reche Canyon Road.
3. Improve drainage between Hunts Lane and the Santa Ana River.
4. Improve drainage at Cooley Lane and Cooley Drive and on Hunts Lane from the railroad tracks south to Washington Street.
5. Construct storm drains, culverts, sewer mains, water facilities, traffic signals, and other public improvements in the right-of-ways or easements.

Goal: **To promote the economic revitalization of the Santa Ana River Project Area.**

Objective #1: **Increase employment in the project area and increase assessed values.**

Actions:

(a) Facilitate the expansion of Dieterich's International Truck Sales and the development of Beacon Trucking.

(b) Assist in the development of parcels along Oliver Homes Road and at the western boundary of Steele Road.

3.7 West Valley

3.7.1 Project Background

The West Valley Project Area was formally established by the City Council with the adoption of Ordinance No. O-10-86 on July 15, 1986. The project area was subsequently amended by the City Council on June 30, 1987 with the adoption of Ordinance No. O-9-87 to add territory to the original project area. This amendment is referred to as West Valley Amendment. The West Valley and West Valley Amendment constitute a single redevelopment project area; however, they are treated as two separate and distinct redevelopment project areas for certain purposes such as the time limitations and payments due under pass-through agreements.

The original West Valley Project Area encompasses approximately 375 acres in the western portion of the City that is largely designated for industrial development. The West Valley Amendment Project Area added approximately 183 acres to the original project area. West Valley Amendment is composed of two non-contiguous areas, the western portion being adjacent to the northern half of the original project area, and the eastern portion located in the older section of the City between Grand Avenue and the BNSF railroad tracks, adjacent to Downtown No. 2 Project Area. In total, the West Valley Project Area and West Valley Amendment encompass 558 acres.

The redevelopment plan limitations for West Valley are as follows:

Last Date for Redevelopment Activities:	07/15/27
Last Date to Repay Debt with Tax Increment:	07/15/37
Tax Increment Limit:	$100 Million
Limit on Bonded Indebtedness:	$30 Million
Eminent Domain:	Expired

The redevelopment plan limitations for West Valley Amendment are as follows:

Last Date for Redevelopment Activities:	06/30/28
Last Date to Repay Debt with Tax Increment:	06/30/38
Tax Increment Limit:	$36 Million
Limit on Bonded Indebtedness:	$30 Million
Eminent Domain:	Expired

3.7.2 Initial Conditions of Blight

The primary blighting influences at plan adoption for both the West Valley Project Area as well as the West Valley Amendment Project Area, are described briefly in the paragraphs below, and can be summarized as follows:

- Age, deterioration, and dilapidation of structures.

- Mixed character and shifting of uses.
- Defective design and physical construction.
- The laying out of lots in disregard for the physical character of the ground and surrounding conditions.
- Depreciated values and impaired investments.
- The existence of lots of irregular form and inadequate size.
- The existence of inadequate public improvements.

Along Valley Boulevard, a variety of mixed and often-conflicting land uses in varying physical conditions were found. Commercial and industrial establishments consisted of small businesses offering goods and services to local clientele, the vast majority of which seemed to be, at best, marginally viable. Buildings were small, freestanding structures, built in the 1940's and 50's, as evidenced by the architectural styles and "strip commercial" arrangement. Some structures appeared to have been unfit or unsafe to occupy, thereby discouraging reinvestment in the area, as potential buyers would be required to invest substantial amounts of time and capital into the rehabilitation of the buildings. These conditions are also indicative of the prevalence of depreciated values, impaired investments, and economic maladjustment.

Residential properties in both the West Valley Project Area and the West Valley Amendment Project Area were generally small, deteriorated units in need of substantial repair. Due to the nonconformity of the land use, and the decline of the area at large, incentives for property owners to upgrade and maintain their structures would remain absent. In fact, the problem of incompatible land uses was found to negatively affect the area in general. Throughout the project area, there could be found an unusual mix of residential, commercial, office, and light industrial/heavy commercial activities. Most of the sites in the area were developed prior to state required planning and zoning laws were implemented to help prevent incompatible land use mixtures. The project area appeared to be in a state of transition with no clear identity. Businesses in the area were specialized to the point that once they lost their clientele, they could not provide the everyday needs of the neighboring community, yet were not strong enough to be successful regional draws.

Parcel configurations along major streets such as Valley Boulevard and Pennsylvania Avenue were also found to be typically small and narrow, ranging from 0.10 to 0.20 acre. The consolidation of such parcels in some areas had resulted in parcels of 0.50 acre or less, which generally lend themselves to shallow and separate industrial or commercial uses, and prevent the development of larger integrated developments that are standard in today's market. Parcelization patterns were established during an earlier time period and not differentiated for potential land uses. The Health and Safety Code has specifically identified areas subdivided into small parcels, held in divided and widely scattered ownerships and where the private assembly of land in blighted areas is difficult and costly, as examples of the need for redevelopment activities.

At the time of the redevelopment plan adoption, the West Valley Project Area and the West Valley Amendment Project Area were affected by deficiencies in the public service infrastructure system, primarily related to traffic circulation, flood control, water and sewer supply systems. Due to the age of development, especially in the eastern half of the area, much of the infrastructure that existed at the time is in need of replacement. Street widening and re-surfacing, curb and gutter installation, and water and sewer line upgrades were required throughout.

Furthermore, the absence of pavement, curbs, gutters, and consistent street improvements in various locations compounds drainage problems for the West Valley Project Area and the West Valley Amendment Project Area, which were not served by a storm drainage system. The lack of street lighting in the area further increased the safety hazards associated with mobility.

3.7.3 Current Conditions

Most of the original blighting conditions have yet to be totally eliminated from the West Valley Project Area and West Valley Amendment Project Area. Evidence of impaired investment continues to plague the area in general, as parcels of vacant land have yet to be developed.

Further evidence of depreciated values in the West Valley Amendment Project Area can be found along the industrial corridor along the BNSF. This area is lined with industrial and manufacturing facilities that at one time flourished, but have since been abandoned. Contributing to the overall condition of economic maladjustment is the prevalence of deteriorated and dilapidated commercial and industrial structures found throughout the area. Many of these units have remained freestanding, individual structures and have yet to be upgraded to contemporary commercial and industrial standards. With the exception of one significant development (Moss Bros. Ford) within the West Valley Project Area boundaries, conditions of the West Valley Project Area have changed very little since the redevelopment plan adoption in 1986.

Other existing conditions in the West Valley Project Area and West Valley Amendment Project Area that have yet to be resolved since plan adoption include the full dedication of Valley Boulevard complete with infrastructure, and the elimination of non-conforming residential units. Overall conditions of blight remaining in the project areas continue to be characterized as follows:

- Age deterioration, and dilapidation of structures.
- Mixed character and shifting of uses.
- Defective design and physical construction.
- Depreciated values and impaired investments.
- The existence of lots of irregular form and inadequate size.
- The existence of inadequate public improvements.

On a positive note, the westernmost portion of the project area is poised to undergo significant changes. The new County Arrowhead Regional Medical Center, which opened early in 1999, will act as a catalyst for a series of public improvements around the site, including plans for an upgrade to the I-10/Pepper Avenue interchange and a realignment of Valley Boulevard. The hospital is also expected to create substantial private investment surrounding the area; however, much of the planned improvements and anticipated development has been delayed and possibly prevented due to the uncertainty of the endangered species known as the Delhi Sands Flower Loving Fly.

The eastern portion of the project area consists of a mixture of land uses in need of rehabilitation and improvement. The City and Agency received a Brownfields Grant from the U.S. Environmental Protection Agency (EPA) in 1998 to conduct environmental assessments throughout the City including portions of this project area.

Since redevelopment plan adoption, the Agency has initiated a number of capital improvement projects in the project areas. Projects completed in prior years include the median/monument sign/landscaping project on West Valley Boulevard, median/monument sign/landscaping project on North Rancho Avenue and traffic signal installation.

3.7.4 Agency Activities Over the Last Five Years

The former vacant Price Club building was purchased by Telco Foods in 2001. Telco Foods completed a 52,951 sq. ft. expansion to its existing commercial bakery manufacturing, packaging and distribution facility. The development included the construction of an additional 22,281 square foot dry storage building on the west side of the existing facility and the construction of a 25,410 square foot freezer and 5,260 cooler addition on the south side of the existing facility.

In 2003, the Agency commenced planning efforts to amend the West Valley Specific Plan and prepare the appropriate environmental document.

During this period of time, the Agency began negotiating with the Department of Fish & Wildlife to secure a Habitat Conservation Plan to mitigate the habitat for the Delhi Sands Flower Loving Fly for the development of the Frontiertown property. The Agency has concluded its negotiations and is in the process of implementing mitigation measures for the Delhi Sands Flower Loving Fly.

On November 1, 2002, Moss Bros. Ford moved its dealership from its former location next door to 1900 West Valley Boulevard. The new dealership is located on 12 acres and contains 78,000 square feet under roof for its showroom, parts, service and body shop, plus 700 spaces for inventory display. The dealership expansion is valued at $4,882,900.

The Agency granted $800,000 to Moss Bros. Ford. In return Moss Bros. Ford has provided economic revitalization, the creation of 18 new jobs, and the elimination of blight. The Agency, Moss Bros. Ford and the City have entered into an agreement for the deferral of payment to the City of certain potential development related fees associated with the Project, as well as, the deferral of public street and median improvements related to the Project. The sum of the deferred fees is equal to $198,998 and will be paid back to the City on the 5th

Moss Bros. Ford

anniversary of Grant Disbursement (6/25/01).

In early 2002, the Agency finalized its purchase of the Frontiertown site, a series of vacant, deteriorated and dilapidated commercial structures on Valley Boulevard, in the amount of $2.1 million. Escrow closed after all asphalt, concrete, footings and other improvements were removed from the front parcel and the front parcel was graded level and compacted. All the exposed soil on the front parcel was covered with rock, slag or other inert material.

3.7.5 Five Year Goals, Objectives and Programs

The Agency's goals and objectives in West Valley for the years 2005-2009 are described, below. The following goals and objectives are presented in the context where the last date to incur indebtedness repayable with tax increment revenues from West Valley will pass during the time period covered by this Implementation Plan, subject to the Agency's ability to amend the redevelopment plan to address these limitations.

Goal: **Promote the economic revitalization of the project areas.**

Objective #1: **Facilitate private development of underutilized parcels.**

Actions:

(a) Issue an RFP for the development of the former Frontiertown site for compatible development.

(b) Negotiate a DDA with developers.

(c) Finalize Specific Plan Amendment.

Objective #2: **Resolve the Delhi Sand Flower-Loving Fly issue.**

Actions:

(a) Initiate HCP fly mitigation with Department of Fish and Wildlife.

(b) Acquire necessary mitigation property.

Goal: **To provide a broad range of public infrastructure improvements to induce private investment in the project areas.**

Objective #1: **Facilitate the realignment of Valley Boulevard and Pepper Avenue.**

Actions:

(a) Work with the County to realign Valley Boulevard and Pepper Avenue.

(b) Work with impacted businesses to acquire the island parcel created by the realignment.

Objective #2: **Improve the existing streets.**

Actions:

(a) Bring Valley Boulevard to major street standards including widening at Eucalyptus Avenue, Pepper Avenue, and Meridian Avenue to accommodate turning vehicles and installation of curbs, gutters, and sidewalks. Install signal at Eucalyptus Avenue.

(b) Full improvement of C Street from Pepper Avenue to Eucalyptus Avenue including paving, curbs and gutters, sidewalks and drainage. Widen C Street east of Meridian Avenue including paving, curbs & gutters and sidewalks.

(c) Widen portions of Pepper Avenue and provide turn lanes and signals at Valley Boulevard and San Bernardino Avenue.

(d) Widen Meridian Avenue and install curbs and gutters and sidewalks and improve intersections at C Street and San Bernardino Avenue.

(e) Widen San Bernardino Avenue and install curbs, gutters and sidewalks, and widen the intersection at Eucalyptus Avenue.

(f) Full improvement of Eucalyptus Avenue from Valley Boulevard to San Bernardino Avenue, including installing curbs, gutters and sidewalks.

Objective #3: **Improve the existing water system.**

Actions:

(a) Install reservoir and connector lines outside the project area to the north.

(b) Install and/or upgrade water lines along Valley Boulevard.

Objective #4: **Resolve long-term drainage issues.**

Actions:

(a) Obtain financing for the construction of 3-5 storm drain.

(b) Plan, design and construct a full drainage system including storm drains that would tie into this channel; would be located along Pepper Avenue and Hermosa Avenue and would tie into the channel on Valley Boulevard.

The Actions described herein and any funding amounts established to be available are subject to modification, changes in priority, replacement with another project, or cancellation by the Agency.

3.8 Mt. Vernon Corridor

3.8.1 Plan Background

The Mt. Vernon Corridor Project Area was formally established by City Council with the adoption of Ordinance No. O-8-87 on June 30, 1987. The Mt. Vernon Corridor Project Area is irregular in shape, and encompasses a total of approximately 441 acres, generally following and including the commercial frontage along Mt. Vernon Avenue north of Interstate 10 to the northern City limits, the commercial frontage along Colton Avenue easterly to the City limits, and the area north and south of Fairway Drive easterly to Interstate 215.

The redevelopment plan limitations for Mt. Vernon Corridor are as follows:

Last Date for Redevelopment Activities:	6/30/28
Last Date to Repay Debt with Tax Increment:	6/30/38
Tax Increment Limit:	$145 Million
Limit on Bonded Indebtedness:	$45 Million
Eminent Domain:	Expired

3.8.2 Initial Conditions of Blight

The primary blighting influences at the time of redevelopment plan adoption for the Mt. Vernon Corridor Project Area are summarized as follows:

- Age, deterioration, and dilapidation of structures.
- Mixed character and shifting of uses.
- Defective design and physical construction.
- The laying out of lots in disregard for the physical character of the ground and surrounding conditions.
- Depreciated values and impaired investments.
- The existence of lots of irregular form and inadequate size.
- The existence of inadequate public improvements.

At the time of plan adoption, the Mt. Vernon Corridor Project Area was affected by deficiencies in the public service infrastructure system, primarily related to traffic circulation, flood control, and water and sewer supply systems. Due to the age of development in the majority of the project area, much of the infrastructure that existed at that time was in need of replacement.

Residential land uses in the area were primarily small, deteriorated units, in need of substantial repair. Due to the nonconformity of the land use and the decline in the area at large, incentives for property owners to upgrade and maintain their structures was lacking. These conditions are also indicative of the prevalence of depreciated values, impaired investments, and economic maladjustment.

Throughout the project area there is an unusual mixture of land uses involving residential, commercial, office, and light industrial/heavy commercial activities. The primary incompatibility occurred where older residential units were located in commercially designated areas. Residential units interspersed with commercial activity could be found all along Mt. Vernon Avenue and Valley Boulevard. Parcel configurations along major streets such as Mt. Vernon Avenue and Valley Boulevard were also found to be typically small and narrow, which prevent the development of larger integrated developments that are standard in today's market.

3.8.3 Current Conditions

Most of the original blighting conditions persist in the Mt. Vernon Corridor Project Area. With the exception of commercial development at two locations along Mt. Vernon Avenue and Valley Boulevard and some residential development in the southeastern portion of the project area, conditions within the project area have changed very little since plan adoption in 1987. Contributing to the overall condition of economic maladjustment is the prevalence of deteriorated and dilapidated commercial and industrial structures found throughout the area. These conditions are most severe along Mt. Vernon Avenue between Laurel Street and Olive Street. Many of these units have remained freestanding, individual structures and have yet to be upgraded to contemporary commercial and industrial standards.

In the southeast section of the Mt. Vernon Corridor Project Area, vacant land has yet to be developed, because flooding issues have yet to be resolved. Although this area is designated in the Colton General Plan for office and commercial land uses, and enjoys high visibility and accessibility because of its location at the confluence of the I-10 and I-215 freeways, parcels have not been developed due to development economics.

Overall conditions of blight remaining in the Mt. Vernon Corridor Project Area continue to be characterized as follows:

- Age, deterioration, and dilapidation of structures.
- Mixed character and shifting of uses.
- Defective design and physical construction.
- Depreciated values and impaired investments.
- The existence of lots of irregular form and inadequate size.
- The existence of inadequate public improvements.

The Mt Vernon Corridor Project Area evidences numerous conditions of blight. Mt Vernon Avenue once served as a major intercity arterial but was relegated to secondary status by the construction of freeways. The strip commercial uses that served the motoring populace have substantially deteriorated. The odd mixture of land uses also contributes to the deterioration as the area lacks a clear focus. The public infrastructure has also deteriorated due to disinvestment over the years and many streets lack curbs, gutters, sidewalks, lighting, landscaping, and other basic amenities. Vacant parcels remain that way year after year as the economic conditions fail to support land assemblage and new construction of buildings. Demographic changes have also rendered many of the historical uses obsolete.

On a more positive note, the Plaza Las Glorias shopping center, which is the largest commercial area in the project area, has recently been acquired and is now under new ownership. It appears that the new owners are taking effective action to improve the center and attract new tenants. Additionally, the project area also possesses some good opportunities. San Bernardino Valley Community College, which is adjacent to the northern boundary of the project area and City is expanding and must rebuild several of its buildings that are not built to new seismic standards. This expansion should serve as a significant activity generator for this area. The construction of 200 single-family homes also support greater commercial activity in the project area.

3.8.4 Agency Activities Over the Last Five Years

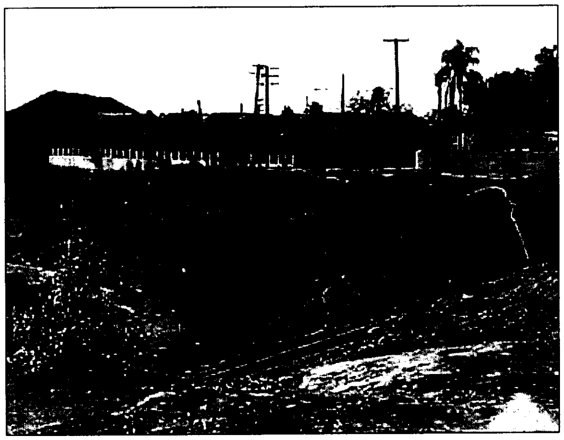
With assistance from the Agency in the form of a rehabilitation grant, R & L Properties completed rehabilitation of a 27,000 sq. ft. building. In addition, Auto Buyline constructed 5,342 square foot building under the Agency commercial rehab program.

In 1999, the Colton Public Financing Authority issued $5,290,000 Tax Allocation Bonds for the purpose of raising funds to make a loan to the Agency. These funds were used to refinance a prior loan made in 1996, and to pay for the construction of facilities, structures and other improvements that are publicly owned and situated within or of benefit to the Mt. Vernon Corridor Project Area. The Mt. Vernon streetscape project and the Scenic Drive fencing project are almost complete. These projects along with the following projects will be completed in the next five years:

Mt. Vernon streetscape:	$1,500,000
Residential curbs and gutters:	$ 590,910
Fairway Street widening:	$ 134,787
Colton Avenue bike path:	$ 100,000
Scenic Drive fencing:	$ 24,000
	$2,349,697

Mt. Vernon Streetscape

Scenic Drive Fencing Improvement



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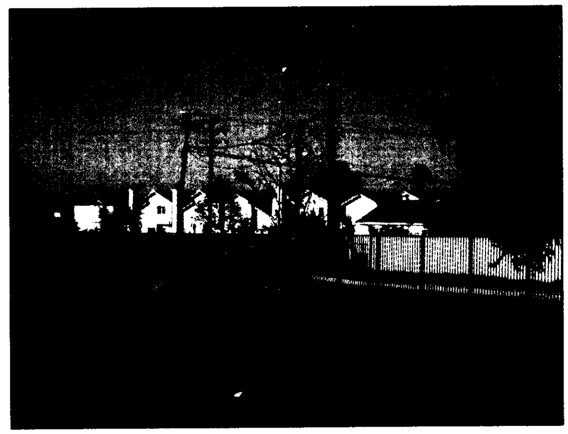


After

3.8.5 Five Year Goals, Objectives and Programs

The Agency's goals and objectives in Mt. Vernon Corridor for the years 2005-2009 are described, below. The following goals and objectives are presented in the context where the last date to incur indebtedness repayable with tax increment revenues from Mt. Vernon Corridor will pass during the time period covered by this Implementation Plan, subject to the Agency's ability to amend the redevelopment plan to address these limitations.

Goal: **Promote the economic revitalization of the Mt. Vernon Corridor Project Area.**

Objective #1: **Remove economic impediments to land assembly and in-fill development.**

Actions:

(a) Assemble the property at the northwest corner of Mt. Vernon Avenue and Colton Avenue.

(b) Complete Phase II environmental assessment utilizing Brownfield funds on Mt. Vernon Avenue and Colton Avenue properties.

Objective #2: **Assist with the improvement of Howard Johnsons.**

Actions:

(a) Work with receiver to complete improvements to the building and reopen it as an economically viable business.

Objective #3: **Work with property owners and/or developers to assemble or coordinate the properties along Valley Boulevard for master development projects which includes restaurants.**

Goal: **To provide a broad range of public infrastructure improvements to induce private investment in the project area.**

Objective #1: **Complete public improvements within the five-year implementation plan.**

Actions:

(a) Construct missing links relative to residential curbs, gutters and sidewalks.

(b) Design and construct Fairway Street widening.

(c) Design and construct a bike path along Colton Avenue.

(d) Widen Colton Avenue east of Sperry Drive.

(e) Widen bridges on Mt. Vernon Avenue south of Valley Boulevard.

(f) Mt. Vernon Avenue and Valley Boulevard intersection improvements.

(g) Upgrade and/or replace all water lines as leakage or breakage occurs.

(h) Drainage improvements including:

1. Comprehensive storm drain project 3-11.
2. Creation of new pressure zone for the area north of Olive Street along Mt. Vernon Avenue and westerly to the BNSF railroad.

(i) Utility improvements including:

1. Street lighting.
2. Utility poles and service.
3. Utility undergrounding.

(j) Installation of park lighting at Cesar Chavez Park.

(k) Carreon Street improvements.

The Actions described herein and any funding amounts established to be available are subject to modification, changes in priority, replacement with another project, or cancellation by the Agency.

3.9 Rancho/Mill

3.9.1 Project Background

The Rancho/Mill Project Area is the seventh and latest project undertaken by the Agency. The project area was formally established with the adoption of Ordinance O-13-94 on July 5, 1994.

The Rancho/Mill Project Area consists of four non-contiguous sub-areas located between the Mt. Vernon Corridor Project Area and the Downtown No. 1 Project Area, totaling approximately 140 acres. The Rancho/Mill Project Area focuses generally on the predominantly industrial section of this area of the City, along the BNSF Railroad tracks. The project area also includes commercial property along the Rancho Avenue corridor, and residential units scattered throughout.

The redevelopment plan limitations for Rancho/Mill are as follows:

Last Date for Redevelopment Activities:	07/05/25
Last Date to Repay Debt with Tax Increment:	07/05/40
Tax Increment Limit:	None
Limit on Bonded Indebtedness:	$20 Million
Eminent Domain:	07/05/06

3.9.2 Initial Conditions of Blight

Initial blight documentation in August 1993 revealed a significant amount of physical and economic blighting characteristics. The types of physical blight found in the Rancho/Mill Project Area include structural deterioration and dilapidation, poor site planning, inadequate parking, on-site circulation problems, and incompatible adjacent land uses, all of which have combined to prevent the viable use of buildings and lots given community standards. Economic blight was found in depreciated values, impaired investments, and high vacancy rates for commercial and industrial property. All of these conditions have combined to severely impact the area's ability to produce revenues for the City through sales and property taxes.

The overriding objective of the redevelopment plan is to provide for the elimination or alleviation of blighting conditions by providing needed public improvements, and mitigating the effects of inadequate or obsolete design, irregularly shaped and inadequately sized lots, stagnant property values, and economic maladjustment in the Rancho/Mill Project Area. In eliminating these blighting conditions, the redevelopment plan will facilitate development as contemplated in the City's General Plan.

3.9.3 Current Conditions

The Rancho/Mill Project Area has not changed significantly since the adoption of the redevelopment plan. The project area remains characterized by the following conditions:

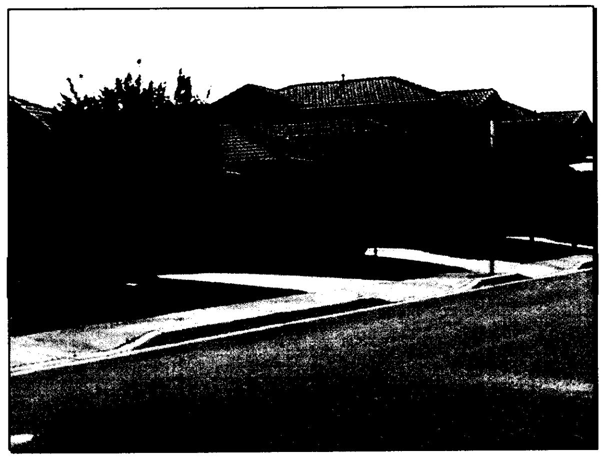
- Deteriorated structures.
- Poor site planning.
- Incompatible land uses.
- Inadequate public improvements.
- Substandard housing.

These conditions have contributed to depreciated values and impaired investments. A portion of the project area may also be subject to environmental contamination, which further discourages private investment.

3.9.4 Agency Activities Over the Last Five Years

The Agency developed the Mill Street Home Beautification Grant program for homeowners.

The Agency secured a $500,000 loan from the City to construct public improvements requested by the residents within the project area. In addition, the Agency and the City entered into a Construction Management Agreement to construct the public improvements over the next 5 years.



Housing Development – Mill Street and Michigan Avenue

3.9.5 Five Year Goals, Objectives and Programs

Goal: **To invest $500,000 in a broad range of public infrastructure improvements to induce private investment in the project area.**

Objective #1: **Increase business activity.**

Actions:

(a) Landscape improvements at Mill Street and Rancho Avenue.

(b) Landscape improvements at C Street & Rancho Avenue.

(c) Traffic signalization at Citrus Street & Rancho Avenue.

(d) Curbs, Gutters & Sidewalks and drainage on:

1. 6th Street from Hanna Street to Acacia Street.
2. Pennsylvania Avenue from Citrus Street to Johnston Street.
3. 7th Street from Olive Street to Oak Street.

4. B Street & 7^{th} Street (curb and handicap ramp only).
5. Olive Street from BNSF Railroad Track to 7^{th} Street.
6. Oak Street from 7^{th} Street to La Cadena Avenue.
7. Citrus Street from Pennsylvania Avenue to Bryn Mar Court.

(e) Two to one matching home beautification grant program.

The Actions described herein and any funding amounts established to be available are subject to modification, changes in priority, replacement with another project, or cancellation by the Agency.

4.0 HOUSING PROGRAMS

4.1 Background

The Implementation Plan must describe the programs and projects the Agency will undertake to fulfill its various housing obligations under the CRL. The Agency is charged with four major housing obligations, which are discussed below.

4.1.1 Twenty Percent Set-Aside Allocations

The Agency must allocate twenty percent (20%) of the gross tax increments to the Housing Fund and spend these funds solely on projects to increase, improve, and preserve the community's supply of low- and moderate-income housing. Units assisted with Housing Funds prior to January 1, 2002 must remain affordable for the longest feasible time, but not less than 10 years for owner occupied units and 15 years for renter occupied units.

SB 211 was approved by the Legislature in 2001 requiring redevelopment agencies on or after January 1, 2002 to require units assisted with housing set-aside funds to remain affordable for the longest feasible time, but not less than 45 years for owner-occupied units and not less and 55 years for rental units.

The Implementation Plan must include the following information regarding the Agency's Housing Fund:

- The amount available in the housing fund and the estimated amounts to be deposited during each of the next five years;
- A housing program with estimates of the number of new, rehabilitated or price restricted units to be assisted during each of the five years and estimates of the expenditures of monies from the Housing Fund during each of the five years; and
- A description of how the housing program will implement the requirement for expenditures of monies in the Housing Fund for various groups within the City over a 10-year period with the first ten-year period ending on or before December 31, 2014.

4.1.2 Policy Declaration Regarding Expenditure of Housing Funds in Proportion to Unmet Need

A new provision of the CRL, which applies to implementation plans adopted on or after December 31, 2002, was approved by AB 637, which requires the Agency to expend its Housing Funds in proportion to the unmet need for housing in the City. Pursuant to Section 33334.4, this provision requires that over the duration of a housing implementation plan (a 10-year period), the Agency is to spend monies from the Housing Fund for low- and very low-income persons in at least the proportion of the total housing need that these income groups represent, as determined for the City pursuant to Section

65584 of the Government Code (Regional Housing Needs Assessment). In addition, the Agency is to spend monies during this same period of time for housing available to families with children in at least the same proportion as the population under age 65 as the total population of the community as reported in the most recent census.

In accordance with Section 33490(a)(2)(A)(iii), the first time period to implement the requirements for targeting of Housing Funds is on or before December 31, 2014, and each 10 years thereafter.

Therefore, according to the Regional Housing Needs Assessment ("RHNA"), the housing for very low- and low-income households represents 44 percent of the City's total housing need. In addition, the Agency is to spend monies during this same period of time for housing available to families with children in at least the same proportion as the population under age 65 to the total population of the community as reported in the most recent census. Based on the 2000 U.S. Census, Colton's proportion is as follows:

Total Population (2000): 47,662

Population under 65 years: 44,609 (93.6%)

4.1.3 Replacement Housing

When the Agency destroys dwelling units for low- and moderate-income persons, it must replace the units within four years after demolition. The units must be replaced with new construction or substantial rehabilitation similar in character and quality to the units destroyed. Replacement units must remain affordable for the longest feasible time, but not less than 55 years for rental units and 45 years for homeownership units.

If the Agency contemplates the destruction or removal of dwelling units, which are required to be replaced under the CRL, then the Implementation Plan must identify proposed development sites suitable to replace the demolished units.

4.1.4 Production Requirement

Prior to the time limit on the effectiveness of a redevelopment plan, at least 30 percent of the new or substantially rehabilitated housing developed by the Agency must be restricted for low- and moderate-income households, with 50 percent of the total restricted units reserved for very low-income households.

Not less than 15 percent of the housing produced by public or private entities other than an agency within applicable project areas, must be restricted for low and moderate-income households, with 40 percent of the total restricted units reserved for very low-income households.

Prior to January 1, 2002, the units must be price restricted for the longest feasible time but not less than the period of time the land use controls of the redevelopment plan remain in effect. For owner occupied housing, current law provides a limited exception to this covenant requirement by allowing a non-qualifying sale of an affordable production unit provided that the Agency replaces the unit within three years at the same income level as the original. After January 1, 2002, units must remain affordable for the longest feasible time, but not less than 55 years for rental units and 45 years for homeownership units.

Every redevelopment agency is required to prepare a ten-year plan to comply with the housing production obligations. The Agency addressed its ten-year obligations in the Five-Year Implementation Plan 1994-1999 adopted in 1994. This Implementation Plan will address the Agency's obligations for housing production for the next ten-year period.

The Implementation Plan must include the following information regarding the Agency's production obligations:

- The number of units of very low-, low- and moderate-income housing which have been developed within one or more project areas which meet the production requirements;
- An estimate of the number of new, substantially rehabilitated, or price restricted residential units to be developed or purchased within one or more project areas, both over the life of the redevelopment plan and during the next ten years;
- An estimate of the number of units of very low-, low- and moderate-income housing required to be developed within one or more project areas in order to meet the production requirements;
- An estimate of the number of Agency developed residential units which will be developed during the next five years; and
- An estimate of the number of Agency developed units for very low-, low- and moderate-income households during the next five years.

4.1.5 Applicability

Housing Production

The housing production requirements of Section 33413 apply only to project areas adopted after January 1, 1976, or to areas added to a project area after January 1, 1976. This means that the following project areas are subject to the production housing requirements:

- Cooley Ranch Amendment
- Santa Ana River
- Mt. Vernon Corridor
- West Valley
- Rancho/Mill

Downtown No. 1, Downtown No. 2, and Cooley Ranch Original are not subject to the provisions of Section 33413, with the exception of providing replacement housing units for any units destroyed after January 1, 1996.

The Agency is required to spend its Housing Funds in proportion to the unmet need of affordable housing within the City as stated in section 4.1.4.

Expenditure of Housing Funds

Over the next 10 years, the Agency is required to spend its Housing Funds as follows:

- According to the RHNA, the housing for very low- and low-income households represents 44 percent of the City's total housing need. Therefore, the Agency must spend at least 44 percent of its Housing Funds on housing for very low- and low-income households. Over the next 10 years, the remaining 56 percent of the Housing Funds may be spent on any income group that qualifies under the CRL.
- Based on the 2000 U.S. Census, 93.6 percent of the City population is under the age of 65. Therefore, the Agency is required to spend 93.6 percent of its Housing Funds on families with children and the remaining 6.4 may be spent on any household group over the same 10-year period.

4.2 Agency Housing Activities/Use of Housing Funds

4.2.1 Project History

This section examines the redevelopment activities initiated by the Agency intended to increase housing opportunities and eliminate blighted conditions.

- Casa del Rio -- The Agency issued tax-exempt bonds in 1986 to facilitate the development of this 172 unit apartment project in the Cooley Ranch Project Area. The project reserved 35 units for occupancy by low- and moderate-income tenants for a period of 15 years. The project bonds were recently defeased.
- Colton Palms -- The Agency sponsored construction of the 101-unit Colton Palms Senior Housing Project in 1992. The project is perpetually restricted for occupancy by low and moderate-income tenants. While the development agreement reserves 25 units, 25 units, and 51 units for occupancy by very low, lower, and moderate-income tenants respectively, the project has been predominantly occupied by very low-income seniors.
- Rancho Mediterrania Mobilehome Park -- The Agency acquired the 259 lot Rancho Mediterrania Mobilehome Park in 1993 and has undertaken efforts to convert the park to resident ownership. At present, 195 lots have been sold to residents or developers. The majority of existing residents and future residents are expected to be of lower or moderate income. During the term of the Implementation Plan, the Agency plans to sell the remaining lots and repair the infrastructure.
- Colton Cottages -- The Agency acquired the five-acre City Corporation Yard and approved a DDA for development of 30 small lot single-family units in a neo-traditional design. At least 16 units were originally intended for occupancy by low- and moderate-income households. Ten units were completed in 1998 and two units were occupied by moderate-income households. The balance of the project was foreclosed by the construction lender.

- Mortgage Assistance Program -- The Agency developed a downpayment assistance loan program that has provided downpayment assistance for approximately 400 first-time homebuyers. The assisted projects have been located both within and outside of redevelopment project areas. The assistance has been structured as a deferred low interest loan with repayments commencing 5-10 years after origination.
- Acquisition, Rehabilitation and Resale Program -- In 1999, the Agency developed the acquisition, rehabilitation, and resale program to acquire HUD repossessions for conveyance to private contractors who complete rehabilitation and resale. As of December 31, 1999 the Agency had successfully acquired 8 units under this program and completed the rehabilitation and resale of all 8 units. This program was discontinued in 2002.

4.2.2 Housing Fund Deposits/Financial Plan Summary

The Agency deposits approximately $1.5 million per year into its Housing Fund from tax increment set-asides. As of June 30, 2004 the Housing Fund had a negative fund balance of $6,629,798.

Section 6.0 illustrates the five-year cashflow for the debt service and capital project funds of the Housing Fund, including the Rancho Mediterrania and Colton Palms projects.

4.3 Replacement Housing Plans

In the event that dwelling units affordable by low- or moderate- income households are destroyed or otherwise removed from the housing stock (e.g., converted to an office or a retail shop) in any project area, then the Agency must replace these units in four years with equivalent or better units. This requirement applies only if the development project in question is subject to a written agreement with the Agency or if financial assistance has been provided by the Agency. Unassisted private development in the project area does not trigger this requirement.

This Implementation Plan contains no projects that will result in the destruction or removal of dwelling units that will have to be replaced pursuant to the CRL.

4.4 Housing Production Plan

4.4.1 Legal Requirements

The two basic production obligations are:

- At least 30 percent of all new or substantially rehabilitated dwelling units developed by the Agency must be available to persons or families of low or moderate income. Of these, 50 percent must be available to very low-income households. This requirement would apply to housing developed directly by the Agency, but not to housing projects developed by a private party under an agreement with the Agency.

- At least 15 percent of all new or substantially rehabilitated dwelling units developed by parties other than the Agency shall be available at affordable costs to persons or families of low or moderate income. Of these, 40 percent must be available at affordable costs to very low-income households.

These requirements apply in the aggregate, and not to each individual housing development project. These low- and moderate-income dwelling units may be provided outside the project area(s), but will only be counted on a two-for-one basis. In other words, if the Agency has an inclusionary housing need of 10 units inside the project area, then 20 units outside the project area would satisfy the overall requirement on a two-for-one basis.

Prior to January 1, 2002, the housing must be deed restricted for the longest feasible time but not less than the period the land use controls remain in effect. If an owner occupied affordable unit is released due to an acceleration event, the Agency has three years to replace the unit and continue to count the unit toward the production requirement. To count toward the production obligation, the units must be restricted to occupancy by low or moderate-income households for not less than the period of time the land use controls remain in effect which is determined at the time the deed restriction is recorded. On December 31, 2001, the term of land use controls are as follows.

Table 6
Production Requirements for Land Use Controls

Project Area	Term of Land Use Controls
Cooley Ranch Amendment	July 31, 2015
Santa Ana River	December 31, 2022
Mt. Vernon Corridor	June 30, 2027
West Valley	July 15, 2026
West Valley Amendment	June 30, 2027
Rancho/Mill	July 5, 2024

After January 1, 2002, AB 637 increases the minimum affordability period to 55 years for rental housing units and 45 years for owner-occupied units, although owner-occupied units may be sold if they are subject to an equity sharing agreement.

The initial Housing Production Plan required the Agency to develop programs to satisfy its housing production obligations over a 10-year planning period from 1995 to 2004. The Agency must not only satisfy its previously established obligations, but also address new obligations created during the initial period.

The following sections first establish the Agency's production obligation created by past development within the project areas through June 30, 2004. Thereafter, the Agency's future obligations are projected based upon anticipated residential development within the project areas for five and ten years and the life of the redevelopment plan. The

Agency's five-year housing program is then prepared to demonstrate the intent to fulfill the production obligations at the earliest possible time.

On December 18, 2001, the Agency adopted Resolution 794 and making the finding, based on substantial evidence after a public hearing, that the Agency may meet its housing production obligations by adding together the requirement for all the project areas and that such aggregation will not cause or exacerbate racial, ethnic, or economic segregation (Section 33413[b][2][A][v] of the Health and Safety Code).

4.4.2 Housing Production Accomplishments Through June 30, 2004

The Agency's housing production accomplishments through June 30, 2004 are listed in Table 7. Housing produced outside the project areas prior to June 30, 2004 is listed first and indicates that 417 units were produced outside the project areas. Of those 417 units, 50 units are dedicated for occupancy by very low-income households and 193 units are set-a-side for low- and moderate-income households. One hundred seventy-four units have no affordability restrictions. Because these units were developed outside the project area, the Agency receives one (1) credit for every two (2) units produced or credit for 25 units for very low-income households and 98 units for lower-income households.

Next in Table 7 is a list of all housing units developed inside the boundaries of the Agency's project areas prior to June 30, 2004. A total of 603 units were produced of which, 42 units are restricted for occupancy by very low-income households and 398 units are dedicated for low- and moderate-income households. One hundred sixty-three units have no affordability restrictions.

4.4.3 Housing Production Obligations Through June 30, 2004

Table 8 illustrates the Agency housing production obligations through June 30, 2004. The number of units produced is broken out into each specific project area with 149 units developed within Cooley Ranch Amendment, 1,741 units in the Santa Ana River Project Area, 445 units within the Mt. Vernon Corridor Project Area, no units were produced in the West Valley Project Area and 76 units produced within the Rancho/Mill Project Area. This represents a total of 2,411 units produced within all of the project areas with 149 produced by the Agency and 2,262 produced by other public and private groups. The total affordable housing production requirement for these units is 158 units for very low-income households and 226 units for low- and moderate-income households. Of the units constructed inside the project areas, 42 units qualify as production units for very low-income households and 398 units are set-a-side for low- and moderate-income households. In addition, the Agency has assisted in the development of housing outside the project areas with 25 units restricted for occupancy by very low-income households and 98 units are dedicated for low- and moderate-income households. Within the City, 563 units have been developed to satisfy the housing production requirements through June 30, 2004 -- 67 for occupancy by very low-income households and 496 for low- and moderate-income households. Consequently, as the planning period for the first ten-year cycle ends, the Agency's has a 91-unit deficit for very low-income households and a surplus of 270 low- and moderate-income units.

If the Agency's housing production requirements are not met by the end of each ten-year period, the Agency must meet its housing production goals on an annual basis until the requirements for the ten-year period are met. This means that the Agency must set annual goals to reduce its very low-income housing production deficit and meet these goals each year. Additionally, the Agency must meet any new housing production requirements on an annual basis until the deficit housing production is achieved.

4.5 Five-Year Affordable Housing Implementation Plan

The programs contemplated for the next five years are summarized below. Table 9 identifies the program and establishes an annual housing plan.

- Citywide Downpayment Assistance Program – The Agency anticipates providing downpayment assistance to low- and moderate-income households throughout the City. Depending upon the funding source, the Agency will provide low interest deferred loans or grants for closing costs, downpayment, or interest rate buydowns.
- Housing Rehabilitation Program – The Agency desires to create a housing rehabilitation program for single-family units to assist very low-, low- and moderate-income households. The Program will target various areas of the City to provide maximum impact to declining neighborhoods.
- Infill Housing Program – The Agency anticipates developing an infill housing program for single-family and multi-family housing units. This program would target very low-, low- and moderate-income households.
- Construction of Senior Housing Complex – To satisfy the Agency's obligation for very low-income units, the Agency proposes to convert the Colton Palms project to a restricted very low-income project. At present, only a portion of the project is restricted for very low-income seniors although a majority of the units are actually occupied by very low-income households. In addition, the Agency proposes to annex the project into a new redevelopment project area or, due to building construction problems, construct replacement housing units within an existing project area. The Agency will work with the San Bernardino County Housing Authority or other such entity to complete construction on this facility.
- Rancho Mediterrania Mobilehome Park -- The Agency will continue its efforts to convert the park to resident ownership. At present, 195 lots have been sold to residents or developers. Thirty (30) additional lots will be converted during this Implementation Plan.

4.5.1 Housing Units Anticipated to Be Developed Over the Next Five Years (2004-2009)

Table 9 projects the affordable housing activities for all programs contemplated over the next 5 years. The table indicates that 189 units will be produced over the next five years of which 155 units are anticipated to be restricted for occupancy by very low-income persons and 35 units to be dedicated for low- and moderate-income persons.

4.5.2 Housing Units Anticipated to be Developed Inside and Outside of Project Areas (2004-2009)

As indicated in Table 10, the Agency anticipates that 7 qualified units will be developed outside the project areas over the next five years giving the Agency credit for 4 units restricted for occupancy by moderate-income persons or households. Table 10 further illustrates the number of units anticipated to be developed with appropriate affordability covenants within the Agency's project areas over the next five years. The Agency will receive credit for 105 very low-income units and 31 low- and moderate-income units.

4.5.3 Housing Production Accomplishments Through June 30, 2009

Table 11 estimates current and projected inclusionary housing needs over the next five-year period based on the requirement that in the aggregate at least 15 percent of all new construction or major rehabilitation in the Cooley Ranch Amendment, West Valley, Santa Ana River and Mt. Vernon Corridor Project Areas be affordable by persons or households of low- or moderate-income. Of this 15 percent, 40 percent must be available at affordable costs to very low-income households that have a household income of 50 percent or less of the County's median income. In addition, 30 percent of the Agency developed units must be available at affordable costs to very low-, low- and moderate-income households

Table 11 further illustrates that the Agency projects that 182 units will be constructed or substantially rehabilitated with the appropriate covenants during the next five years. Therefore, total very low-income affordable housing production burden on June 30, 2009 will be eliminated. The low- or moderate-income category will have a credit balance of 286 units and no additional units are required.

4.5.4 Housing Units Anticipated to Be Developed Within Project Areas (Ten Year Plan Term/Life of Redevelopment Plans)

Based on the land use designations in the adopted General Plan and the Housing Element the Agency expects that 1040 additional units will be developed or substantially rehabilitated from July 1, 2009 through the life of the redevelopment plans subject to the production obligation. This will require the production of an additional 62 units for very low -income and 94 units for low/mod households respectively.

Table 7
Housing Production Accomplishments Through 06/30/04

Project	Year Complete	Project Area	Credit %	Total Units	Total Units: Very Low	Total Units: Low	Total Units: Moderate	Total Units: No Covenant	Credit Total: Very Low	Credit Total: Low	Credit Total: Moderate	Term of Covenants
Housing Produced Outside of Project Areas Prior to 06/30/04:												
Colton Palms	1992	None	50.0%	101	50	51	0	0	25	26	0	Perpetual
Colton Ranch	1998	None	50.0%	115	0	0	53	62	0	0	27	10 years
Colton Cottages (Phase I)	1998	None	50.0%	10	0	0	2	8	0	0	1	10 years
Valencia Series	1998	None	50.0%	107	0	0	77	30	0	0	39	10 years
Serenata MAP	2002	None	50.0%	84	0	0	10	74	0	0	5	10 years
Total Produced Outside of Project Areas				**417**	**50**	**51**	**142**	**174**	**25**	**26**	**72**	
Housing Produced in Project Areas Prior to 06/30/04:												
Casa Del Rio	1986	Cooley Ranch	100.0%	172	30	5	0	137	30	5	0	45 years
Award Homes	1997	Mt. Vernon	100.0%	206	0	0	202	4	0	0	202	10 years
Rancho Estates	1999	Rancho/Mill	100.0%	54	0	0	49	5	0	0	49	10 years
Rancho Mediterrania*	2000	Cooley Ranch Amend.	100.0%	5	07	0	0	0	0	0	0	45 years
Rancho Estates	2000	Rancho/Mill	100.0%	22	0	3	13	6	0	3	13	10 years
Rancho Mediterrania*	2001	Cooley Ranch Amend.	100.0%	16	0	5	8	3	0	5	8	45 years
Rancho Mediterrania*	2002	Cooley Ranch Amend.	100.0%	14	0	5	8	1	0	5	8	45 years
Rancho Mediterrania*	2003	Cooley Ranch Amend.	100.0%	33	5	21	5	2	5	21	5	45 years
Rancho Mediterrania*	2004	Cooley Ranch Amend.	100.0%	81	7	61	13	0	7	61	13	45 years
Total Produced Within Project Areas				**603**	**42**	**103**	**295**	**163**	**42**	**103**	**295**	
Total Housing Units Produced				**1020**	**93**	**154**	**437**	**337**	**67**	**129**	**367**	

**Units produced by the Agency*

Table 8
Housing Production Obligations Through 06/31/04

		Cooley Ranch Amendment	Santa Ana River	Mt. Vernon Corridor	West Valley	Rancho/Mill	Totals
Existing Housing at Plan Adoption [(1)]:		0	20	1067	80	N/A	1167
New Units Constructed/Sub Rehab Thru 12/31/94[(2)]:		0	1569	239	0	0	1808
New Units Constructed/Sub Rehab Thru 12/31/99[(3)]:		0	172	206	0	54	432
New Units Constructed/Sub Rehab Thru 06/30/04[(4)]:		149[(5)]	0	0	0	22	171
Total Units Constructed/Sub Rehab Thru 06/30/04:		149	1741	445	0	76	2411
Required Low/Mod Units Thru 06/30/04:							
Private Developed [(6)]							
Very Low	6%						136
Low/Moderate	9%						204
Agency Developed [(7)]							
Very Low	15%						22
Low/Moderate	15%						22
Total Required Low/Mod Units Thru 06/30/04:							
Very Low							158
Low/Moderate							226
Total Qualified Units Constructed/Sub Rehab in Project Areas Thru 06/30/04[(8)]:							
Very Low							42
Low/Moderate							398
Total Credits for Qualified Units Housing Outside Project Areas Thru 06/30/04[(9)]:							
Very Low							25
Low/Moderate							98
Surplus(Deficit) Thru 06/30/04:							
Very Low							(91)
Low/Moderate							270

(1) Included as information only.
(2) Source: 1994 Implementation Plan prepared by GRC Redevelopment Consultants.
(3) Source: 1999 Implementation Plan prepared by Agency staff.
(4) Source: HCD Reports for 2000, 2001, 2002, 2003 and Agency staff.
(5) Agency produced housing.
(6) Section 33413 requires that 15 percent of all new or substantially rehabilitated housing be reserved for occupancy by very low- and low/mod-income households.
(7) Section 33413 requires that 30 percent of all new or substantially rehabilitated housing produced by the Agency be reserved for occupancy by very low- and low/mod- income households.
(8) Represents the number of new units constructed with affordability covenants satisfying Section 33413.
(9) Two for one credit for units constructed outside of project areas.

Table 9
Projected Affordable Housing Activities For All Programs

	Calendar Year					Five Year Totals	Very Low	Low	Moderate	Market
	2005	2006	2007	2008	2009					
Downpayment Assistance Program:	0	0	0	3	4	7	0	0	7	0
Infill Housing Program:	0	0	0	3	4	7	7	0	0	0
Housing Rehabilitation Program:	0	0	5	20	20	45	45	0	0	0
Construction of Senior Housing Complex:	0	0	0	0	100	100	100	0	0	0
Rancho Mediterrania	20	2	2	2	4	30	3	19	8	0
Total Units Facilitated	**20**	**2**	**7**	**28**	**132**	**189**	**155**	**19**	**15**	**0**

Table 10
Projected Affordable Housing Development (2005-2009)

Project	Year Complete	Project Area	Credit %	Total Units	Total Units				Credit Total			Term of Covenants
					Very Low	Low	Moderate	No Covenant	Very Low	Low	Moderate	
Housing Produced Outside of Project Areas:												
Downpayment Assistance Program	2005-2009		50%	7	0	0	7	0	0	0	4	45 Years
Total Produced Outside of Project Areas				**7**	**0**	**0**	**7**	**0**	**0**	**0**	**4**	
Housing Produced in Project Areas:												
Rancho Mediterrania	2005-2009	Cooley Ranch Amendment	100%	30	3	19	8	0	3	19	8	45 Years
Housing Rehabilitation Program	2005-2009	Various	100%	45	45	0	0	0	45	0	0	45 - 55 Years
Infill Housing Program:	2005-2009	Various	100%	7	7	0	0	0	7	0	0	45 Years
Senior Housing Complex:	2009	Mt Vernon	100%	100	100	0	0	0	50 (1)	0	0	55 Years
Total Produced Within Project Areas				**182**	**155**	**19**	**8**	**0**	**105**	**19**	**8**	
Total Housing Units Produced				**189**	**155**	**19**	**15**	**0**	**105**	**19**	**12**	

(1) The Agency will receive credit for 50 units instead of the 100 units because 50 units are already included in the Agency's housing production accomplishments as shown in Table 8, Housing Produced Outside of Project Areas, Colton Palms. By producing the units inside a project area, the Agency will receive 100% credit for the units produced rather than the 50% credit the Colton Palms project received when it was located outside a project area.

Table 11
Housing Production Plan (2005-2009)

	Various Project Areas	Cooley Ranch Amendment	Santa Ana River	Mt. Vernon Corridor	West Valley	Rancho/ Mill	Totals
Total Housing Obligations Surplus(Deficit) on 06/30/04:							
Very Low							(91)
Low/Moderate							270
Estimated New/Rehab Housing to be Constructed in Project Areas through 06/30/09:	52	30*	0	100	0	0	182
Required New Low/Mod Units for 07/01/04 - 06/30/09:							
Private Developed							
Very Low 6%							9
Low/Moderate 9%							14
Agency Developed							
Very Low 15%							5
Low/Moderate 15%							5
Total Required Low/Mod Units Thru 06/30/09:							
Very Low							14
Low/Moderate							19
Total Housing Obligations on 06/30/09:							
Very Low							(105)
Low/Moderate							251
Projected New Construction/Substantial Rehab of Low/Mod Qualified Units From 7/1/04 to 06/30/09:							
Very Low							105
Low/Moderate							35
Net Surplus(Deficit) Thru 06/30/09:							
Very Low							0
Low/Moderate							286

*Agency produced housing

5.0 IMPLEMENTATION PLAN ADMINISTRATION

The Redevelopment Agency for the City of Colton shall be responsible for administering this Implementation Plan and for monitoring redevelopment activities or programs undertaken pursuant to this Plan.

5.1 Implementation Plan Review

At least once within this Implementation Plan's five-year term, the Agency shall conduct a public hearing and hear testimony of all interested parties for the purpose of reviewing the adopted redevelopment plans and the corresponding Implementation Plan and evaluating the progress of the redevelopment projects. The public hearing shall be held no earlier than two years and no later than three years after the date of adoption of this Implementation Plan. The Agency may choose to conduct a single public hearing applicable to all adopted project areas described in this Implementation Plan, or may conduct separate public hearings for each project area.

This Implementation Plan covers the Agency's activities from July 1, 2004 through June 30, 2009, which is identical to the timeframe required for the Redevelopment Agencies Financial Transactions Report and the HCD (California Department of Housing and Community Development) Annual Report of Housing Activity of Community Redevelopment Agencies. Consistency of the information contained in the Implementation Plan and the above described reports is important. Comparing the information reported each year to the State Controller's Office and to HCD to the information within the Implementation Plan will assist Agency staff in monitoring the progress the Agency is making in achieving its goals and objectives for redevelopment and housing activities. This will make preparing the staff report for the mid-term review an efficient process.

Notice of the public hearing to review the redevelopment plans and Implementation Plan shall be published pursuant Section 6063 of the Government Code and posted in at least four permanent places within each project area for a period of at least three weeks. Publication and posting of the notice shall be completed not less than 10 days prior to the date set for hearing.

5.2 Implementation Plan Amendment

Pursuant to California Redevelopment Law Section 33490, this Implementation Plan may from time to time be amended after holding a public hearing on the proposed amendment.

5.3 Financial Commitments Subject to Available Funds

The Agency is authorized to utilize a wide variety of funding sources for implementing each Redevelopment plan. Such funding sources include, but are not limited to financial assistance from the City, State of California, federal government, property tax increments, interest income, Agency bonds secured by tax increment or other revenues, or any other legally available revenue source. Although the sources of revenue utilized by the Agency are generally deemed to be reliable from year to year, such funds are subject to legislative, program, or policy changes that could reduce the amount or availability of the funding sources upon which the Agency relies.

In addition, with regard to the Agency's primary revenue source, tax increment revenues, it must be noted that revenue flows are subject to diminution caused by events not controlled by the Agency, which reduce the taxable value of land or improvements in any of the Project Areas. Moreover, the formulas governing the amount or percentage of tax increment revenues payable to the Agency, may be subject to legislative changes that directly or indirectly reduce the tax increment revenues available to the Agency.

Due to the above-described uncertainties in Agency funding, the Actions described herein and the funding amounts established to be available are subject to modification, changes in priority, replacement with another project, or cancellation by the Agency.

5.4 Monitoring of Affordable Housing

Pursuant to Section 33418, the Agency is required to monitor, on an ongoing basis, any housing affordable to persons and families of low- or moderate-income developed or otherwise made available through any provision of the CRL.

As part of this monitoring, the Agency will require owners or managers of the affordable housing to submit an annual report to the Agency. The annual reports will include for each rental unit the rental rate and the income and family size of the occupants, and for each owner-occupied unit whether there was a change in ownership from the prior year and, if so, the income and family size of the new owners. The income information required by this section shall be supplied by the tenant in a certified statement on a form provided by the Agency. The CRL states that the information on income and family size that is required to be reported by the owner or manager must be supplied by the tenant and shall be the only information on income or family size that the owner or manager will be required to submit in the annual report to the Agency. Sample forms are located in Appendix A of this Implementation Plan.

Section 33418(b) states that the information obtained by the Agency from owners and managers of the affordable housing must be included in any reports required by law to be submitted to the Department of Housing and Community Development ("HCD") or the State Controller. In addition, Section 33418(c) finds that the Agency must adequately fund its monitoring activities as needed to insure compliance of applicable laws and agreements in relation to affordable units. For purposes of defraying the cost of complying with these monitoring requirements and with the HCD Report required to be filed with the State Controller's Report, the Agency can establish and impose fees upon owners of properties monitored pursuant to the CRL.

5.5 Assessment of Project Areas with Less Than Six Years of Effectiveness

The last date for redevelopment activities for Downtown No. 1 Project Area and Downtown No. 2 Project Area is January 1, 2010. Pursuant to Section 33490 (a) (4), any project area that is within six years of the time limit on the effectiveness of the redevelopment plan shall specifically address the ability of the Agency to comply, prior to the time limit, with the project area housing responsibilities. The housing responsibilities to be considered are replacement dwelling units, project area housing (housing production) and the disposition of the remaining monies in the Housing Fund.

Downtown No. 1 Project Area and Downtown No. 2 Project Area have no replacement dwelling unit or housing production obligations. Twenty percent of the tax increment received by these project areas is deposited into the Housing Fund along with the deposits made by the Agency's other project areas. The Housing Fund currently maintains a negative fund balance. The Agency currently has the ability to comply, prior to the time limit on the effectiveness of the redevelopment plans for Downtown No. 1 and Downtown No. 2, with its housing responsibilities.

5.6 Redevelopment Plans Control

If there is a conflict, which exists between this Implementation Plan and any one or all of, the respective redevelopment plans or any other City or Agency plan or policy, the applicable redevelopment plan shall control.

6.0 FIVE-YEAR FINANCIAL PLAN

California Redevelopment Law grants various powers to redevelopment agencies as previously described in sections 2.5 and 5.3. Among its authorized powers, an agency is permitted to enter into debt, issue revenue bonds, acquire and dispose of property, and accept financial or other assistance from any private or public source. The primary funding source, however, is tax increment revenues. Tax increment revenues are described as property taxes generated by increases in assessed land values, after a redevelopment plan has been adopted. The incremental tax increases are provided to this Agency for purposes of carrying out the programs and projects identified in this plan.

The following tables include a comprehensive analysis of tax increment projections, debt service and sales tax reimbursement obligations, pass-through payments, Agency administration, economic development efforts, capital improvements and recent legislation. Since the Agency has entered into numerous long-term debt obligations, a multi-year assessment of resources and expenditures was completed after which cash flows were determined.

It should be noted that the financial projections and assumptions for this Implementation Plan are very conservative with respect to growth and potential tax increment revenues. The result for four of the seven project areas is that, although there are many viable projects, there is either not sufficient tax increment revenue to cover additional debt, or the time limits to incur debt have expired which eliminates the possibility of borrowing money to fund the projects.

The time limit to incur obligations repayable from tax increment revenues has expired in four of the Agency's Downtown 1, Downtown 2, Cooley Ranch and Santa Ana River project areas. As a result, the Agency may not receive tax increment revenues from these four project areas to finance future redevelopment activities. The time limits to incur obligations repayable from tax increment revenues will also expire, during the period covered by this Implementation Plan, in both the West Valley and the Mt. Vernon Corridor project areas. The Agency has several options that it may consider to provide for the use of tax increment revenues from the Agency's affected project areas for future redevelopment activities. The Agency's primary options include: (i) amending the affected redevelopment plans to eliminate the last date to incur obligations repayable from tax increment revenues pursuant to SB 211, (ii) amending the affected redevelopment plans to extend their current tax increment financing limitations (dates and/or amounts), or (iii) merging certain project areas to improve financial flexibility. This Implementation Plan does not address any of these options.

The following schedules are provided for each of the seven project areas:

1. Five Year Cash Flow
2. Assessed Value and Tax Increment Projections
3. Miscellaneous Revenue and Expenditure Projections

The following schedules are provided for the Housing Fund:

1. Five Year Cash Flow
2. Miscellaneous Revenue and Expenditure Projections

The above schedules were compiled on an annual basis to help with budgeting decisions for each fiscal year, to determine whether resources exist to undertake new projects, and to identify any areas of concern so that remedial actions can be determined. For simplicity all of the funds from each project area were combined (i.e. the Debt Service and Capital Projects Funds were combined for each project area).

6.1 Downtown No. 1

Assessed values have grown by 16.4% from $7.7 million in 2000 to $8.9 million in 2004. This growth was primarily due to the redevelopment of Dominguez Plaza and recent market conditions.

Tax increment projections over the next five years indicate that Downtown No. 1 will generate tax increment of approximately $104,000 in the first year increasing to $113,000 in the last year. These funds will be used to pay pass-through obligations to the San Bernardino Valley Municipal Water District and 20% that will be deposited in the Agency's Housing Fund. Also included in this plan is the ERAF payment, an obligation that resulted from the State of California's budget deficit. For the purpose of this Plan it is assumed that this liability will continue indefinitely.

December 2, 1996 was the last date for Downtown No. 1 to incur debt. Therefore, the Agency will not be able to incur further debt to pay for redevelopment expenses. Pursuant to Section 33610, the City Council may appropriate to the Agency such funds as the City Council deems necessary for the administrative expenses and overhead of the Agency. The money appropriated may be paid to the Agency as a grant to defray the expenses and overhead, or as a loan to be repaid upon such terms and conditions as the City Council may provide. The Agency can accept a grant of funds for administration expenses; however, the Agency cannot borrow money and establish debt. The Agency may also adopt an ordinance pursuant to SB211 to extend these timeframes. It is assumed that such an ordinance would not be adopted for purposes of this Plan.

Table 12
Cash Flow Projections
Downtown No. 1
(000's)

Reference Page/(No.)	72(1)	73(2)	Calc	73(3)	Calc	73(4)	73(5)	Calc	Calc
	------Revenue------				Expense			Rev-Exp	
Year	Gross Tax Revenue	Misc/Int. Revenue	SB 2557 Charge	Pass Through	Housing Set Aside	Debt Svc Costs	Operating Costs	Available Funds	Available Cash
2003/04									573
2004/05	104	0	1	81	21	0	212	(211)	362
2005/06	106	0	1	83	21	0	212	(212)	150
2006/07	108	0	1	85	22	0	112	(112)	38
2007/08	111	0	1	87	22	0	38	(38)	0
2008/09	113	0	1	77	23	0	13	(1)	0

Sources:
HdL; Property Tax Reports; 2004/2005 Property Data; January 6, 2005
Beginning Cash Balance from City of Colton Finance Department

Assumptions (All Funds Combined):
(a) SB211 is not adopted

Table 13
Assessed Value and Tax Increment Projections
Downtown No. 1
(000's)

2004-05 Assessed Value of Real Property	$10,117,000
Base Year Assessed Value (1974)	$1,772,000
Growth Rate	2%
General Levy	1.140%
County Charge	1.17%

Year	Real Property	Personal Property	Total Assessed Value	Taxable Value Over Base $1,772	Tax Increment	Unitary Tax	Reference To Cash Flow (1) Gross Revenue
2004/05	10,117	567	10,684	8,912	102	2	104
2005/06	10,319	567	10,886	9,114	104	2	106
2006/07	10,526	567	11,093	9,321	106	2	108
2007/08	10,736	567	11,303	9,531	109	2	111
2008/09	10,951	567	11,518	9,746	111	2	113

Sources:
HdL; Property Tax Reports; 2004/2005 Property Data; January 6, 2005

Assumptions:
(a) 2% growth in assessed values
(b) No new development

Table 14
Miscellaneous Revenue and Expense Projections
(Excludes 20% Housing Set Aside)
Downtown No. 1
(000's)

Ref To Cashflow Page 71		2004/05	2005/06	2006/07	2007/08	2008/09
	Revenues					
(2)	Total Revenue	0	0	0	0	0
	Expenses					
	San Bernardino Valley Municipal Water Dist. (a)	81	83	85	87	77
(3)	Total Pass-Throughs	81	83	85	87	77
	ERAF (b)	12	12	12	12	13
	Vanir TOT reimbursement (assumed $50k/qtr) (c)	200	200	100	26	0
	Capital Projects Identified in Plan (d)	0	0	0	0	0
	Administration	0	0	0	0	0
(5)	Total Operating Costs	212	212	112	38	13
	Total Expenses	293	295	197	125	90

Sources:
Redevelopment Agency Budget 2004/05 as approved on June 28, 2004 by Agency Resolution 835
California Redevelopment Association; http://www.calredevelop.org; January 4, 2005

Assumptions (All Funds Combined):
(a) Will not have sufficient cash to pay $12k of the projected $89k current pass-through in 2008/09
(b) ERAF continues indefinitely
(c) Will not have cash to reimburse City for Vanir Agreement in 2007/08 and 2008/09
(d) Last date to incur debt was 12/2/96; additional debt cannot be incurred for redevelopment activity
(e) SB211 is not adopted

6.2 Downtown No. 2

Assessed values have grown 20.7% from $5.1 million in 2000 to $6.2 million in 2004. This growth is primarily due to the expansion of McDonald's, Nickelodeon Pizza and recent market conditions.

Tax increment projections over the next five years indicate that the project area will generate tax increment of approximately $59,000 in the first year increasing to $65,000 in the last year. These funds will be used to pay pass-through obligations to the San Bernardino Valley Municipal Water District and 20% that will be deposited in the Agency's Housing Fund. Also included in this plan is the ERAF payment, an obligation that resulted from the State of California's budget deficit. For the purpose of this Plan it is assumed that this liability will continue indefinitely.

December 2, 2001 was the last date for Downtown No. 2 to incur debt. Therefore, the Agency will not be able to incur debt to pay for redevelopment expenses.

Pursuant to Section 33610, the City Council may appropriate to the Agency such funds, as the City Council deems necessary for the administrative expenses and overhead of the Agency. The money appropriated may be paid to the Agency as a grant to defray the expenses and overhead, or as a loan to be repaid upon such terms and conditions as the City Council may provide. The Agency can accept a grant of funds for administration expenses; however, the Agency cannot borrow money and establish debt. The Agency may also adopt an ordinance pursuant to SB211 to extend these timeframes. It is assumed that such an ordinance would not be adopted for purposes of this Plan.

Table 15
Cash Flow Projections
Downtown No. 2
(000's)

Reference Page/(No.)	76(1)	77(2)	Calc	77(3)	Calc	77(4)	77(5)	Calc	Calc
	Revenue		Expense					Rev-Exp	
Year	Gross Tax Revenue	Misc/Int. Revenue	SB 2557 Charge	Pass Through	Housing Set Aside	Debt Svc Costs	Operating Costs	Available Funds	Available Cash
2003-04									165
2004/05	59	0	1	47	12	0	5	(5)	160
2005/06	61	0	1	48	12	0	5	(5)	155
2006/07	62	0	1	49	12	0	5	(5)	151
2007/08	64	0	1	50	13	0	5	(5)	146
2008/09	65	0	1	51	13	0	5	(5)	141

Sources:
HdL; Property Tax Reports; 2004/2005 Property Data; January 6, 2005
Beginning Cash Balance from City of Colton Finance Department

Assumptions (All Funds Combined):
(a) SB211 is not adopted

Table 16
Assessed Value and Tax Increment Projections
Downtown No. 2
(000's)

2004-05 Assessed Value of Real Property	$6,201,000
Base Year Assessed Value (1974)	$1,730,000
Growth Rate	2.00%
General Levy	1.14%
County Charge	1.17%

Year	Real Property	Personal Property	Total Assessed Value	Taxable Value Over Base $1,730	Tax Increment	Unitary Tax	Reference To Cash Flow (1) Gross Tax Revenue
2004/05	6,201	651	6,852	5,122	58	1	59
2005/06	6,325	651	6,976	5,246	60	1	61
2006/07	6,452	651	7,103	5,373	61	1	62
2007/08	6,581	651	7,232	5,502	63	1	64
2008/09	6,712	651	7,363	5,633	64	1	65

Sources:
HdL; Property Tax Reports; 2004/2005 Property Data; January 6, 2005

Assumptions:
(a) 2% growth in assessed values
(b) No new development

Table 17
Miscellaneous Revenue and Expenses Projections
(Excludes 20% Housing Set Aside)
Downtown No. 2
(000's)

Ref To Cashflow Page 75		2004/05	2005/06	2006/07	2007/08	2008/09
	Revenues					
(2)	Total Revenue	0	0	0	0	0
	Expenses					
	San Bernardino Valley Municipal Water Dist.	47	48	49	50	51
(3)	Total Pass-Throughs	47	48	49	50	51
	ERAF (a)	5	5	5	5	5
	Capital Projects Identified in Plan (b)	0	0	0	0	0
	Administration	0	0	0	0	0
(5)	Total Operating Costs	5	5	5	5	5
	Total Expenses	52	53	54	55	56

Sources:
Redevelopment Agency Budget 2004/05 as approved on June 28, 2004 by Agency Resolution 835
California Redevelopment Association; http://www.calredevelop.org; January 4, 2005

Assumptions (All Funds Combined):
(a) ERAF continues indefinitely
(b) Last date to incur debt was 12/2/01; additional debt cannot be incurred for redevelopment activity
(c) SB211 is not adopted

6.3 Cooley Ranch

Assessed values have grown 35.1% from $184.8 million in 2000 to $249.7 million in 2004. This growth is primarily due to recent market conditions, the development of various RV dealerships and construction of the Ashley Furniture manufacturing plant. Assessed value increases from 2005 through 2009 will come from Ashley Furniture's retail expansion, the proposed RV development, retail development of the northeast corner of Mt. Vernon and Santo Antonio as well as anticipated improvements to the Centerpointe Shopping Center.

Tax increment projections over the next five years indicate that the project area will generate tax increment of approximately $2,922,000 in 2005 increasing to $3,340,000 in 2009. These funds will be used for debt service payments, development agreements and 20% that will be deposited in the Agency's Housing Fund.

Operating costs will increase in 2005/06 primarily due to the Joint Participation and Cooperation Agreement entered into with East Valley Land Co. to facilitate its 75 acre development. In 2007/08 the sales tax reimbursement to the City for Wal-Mart will be completed and at which time operating costs will decrease. It is anticipated that cash flows will turn positive at this time. Also included in this plan is the ERAF payment, an obligation that resulted from the State of California's budget deficit. For the purpose of this Plan it is assumed that this liability will continue indefinitely.

January 1, 2004 was the last date to incur debt. Therefore, the Agency will not be able to incur debt for future projects. However, pursuant to Section 33610, the City Council may appropriate to the Agency such funds, as the City Council deems necessary for the administrative expenses and overhead of the Agency. The money appropriated may be paid to the Agency as a grant to defray the expenses and overhead, or as a loan to be repaid upon such terms and conditions as the City Council may provide. The Agency can accept a grant of funds for administration expenses; however, the Agency cannot borrow money and establish debt. The Agency may also adopt an ordinance pursuant to SB211 to extend these timeframes. It is assumed that such an ordinance would not be adopted for purposes of this Plan.

Table 18
Cash Flow Projections
Cooley Ranch
(000's)

Reference Page/(No.)	80(1)	81(2)	Calc		Calc	81(4)	81(5)	Calc	Calc
	------Revenue------				Expense			Rev-Exp	
	Gross Tax	Misc/Int	SB 2557	Pass	Housing	Debt Svc	Operating	Available	Available
Year	Revenue	Revenue	Charge	Through	Set Aside	Costs	Costs	Funds	Cash
2003/04									343
2004/05	2,922	615	34	0	584	1,707	1,297	(86)	257
2005/06	3,159	615	37	0	632	1,714	1,517	(125)	131
2006/07	3,218	615	38	0	644	1,712	1,561	(121)	10
2007/08	3,279	257	38	0	656	1,712	889	240	251
2008/09	3,340	257	39	0	668	1,710	934	245	496

Sources:
HdL; Property Tax Reports; 2004/2005 Property Data; January 6, 2005
Beginning Cash Balance from City of Colton Finance Department

Assumptions (All Funds Combined):
(a) SB211 is not adopted

Table 19
Assessed Value and Tax Increment Projections
Cooley Ranch
(000's)

2004-05 Assessed Value of Real Property	$238,936,000
Base Year Assessed Value (1974)	$2,245,000
Growth Rate	2.00%
General Levy	1.14%
County Charge	1.17%

Year	Real Property	Personal Property	Total Assessed Value	Taxable Value Over Base $2,245	Tax Increment	Unitary Tax	Reference To Cash Flow (1) Gross Revenue
2004/05	238,936	16,837	255,773	253,528	2,890	32	2,922
2005/06	259,715	16,837	276,552	274,307	3,127	32	3,159
2006/07	264,909	16,837	281,746	279,501	3,186	32	3,218
2007/08	270,207	16,837	287,044	284,799	3,247	32	3,279
2008/09	275,611	16,837	292,448	290,203	3,308	32	3,340

Sources:
HdL; Property Tax Reports; 2004/2005 Property Data; January 6, 2005

Assumptions:
(a) Increased AV in 04/05 22.5m (Centerpointe 3m; NEC Mt Vernon & Santo Antonio 3m; Ashley expansion 12.5m; Canyon 4m).
(b) Increased AV in 05/06 $16m (EVLC 5 acre development; Ashley retail $6m)
(c) AV increases 2% from 05/06 foreword

Table 20
Miscellaneous Revenue and Expense Projections
(Excludes 20% Housing Set Aside)
Cooley Ranch
(000's)

Ref To Cashflow Page 77		2004/05	2005/06	2006/07	2007/08	2008/09
	Revenues					
	Sales & Use Tax (5308) - loan funds fm City for Walmart (a)	358	358	358	0	0
	Interest on Money (5601)	6	6	6	6	6
	Trustee Interest Income on TABS98 reserve fund	96	96	96	96	96
	Interfund Loan Interest (5606)	155	155	155	155	155
(2)	Total Revenue	615	615	615	257	257
	Expenses					
	Series 1998 A TABs	1,142	1,142	1,145	1,142	1,142
	Series 1998 B TABs	422	418	413	417	415
	CIEDB loan	143	154	154	153	153
(4)	Total Debt Service	1,707	1,714	1,712	1,712	1,710
	Admin charges on financing	1	1	1	1	1
	Legal fees - arbitrage	3	3	3	3	3
	Sales tax reimbursement to Walmart (a)	358	358	358	0	0
	Sales tax reimbursement to City (for Walmart) (a)	358	358	358	0	0
	EVLC JPA (b)	75	383	417	452	487
	ERAF (c)	304	310	317	323	329
	Economic Development allocation	9	9	10	10	10
	Capital Projects Identified in Plan (d)	0	0	0	0	0
	Administration	184	95	98	100	103
	Professional Services (894 fund)	5	0	0	0	0
(5)	Total Operating Costs	1,297	1,517	1,561	889	934
	Total Expenses	3,005	3,231	3,273	2,601	2,645

Sources:
Redevelopment Agency Budget 2004/05 as approved on June 28, 2004 by Agency Resolution 835
TABS 1998 A&B and California Infrastructure Bank Debt Service Schedules
HdL; Property Tax Reports; 2004/2005 Property Data; January 6, 2005
California Redevelopment Association; http://www.calredevelop.org; January 4, 2005

Assumptions (All Funds Combined):
(a) Walmart sales tax revenue has increased by 9.8%, 7.0% in 2002 and 2003 respectively; it has decreased 4.6% in 2004. Remained flat for budget through 2007 (when agreement ends)

	2004/05	2005/06	2006/07	2007/08	2008/09
(b) Total sales tax reimbursement to EVLC pursuant to JPA	150	765	835	904	975

(c) ERAF continues indefinitely
(d) Last date to incur debt was 1/1/04; additional debt cannot be incurred for redevelopment activities
(e) 3% inflation factor for admin and miscellaneous costs
(f) SB211 is not adopted

6.4 Santa Ana River

Assessed values have grown by 21.7% from $156.3 million in 2000 to $190.2 million in 2004. This growth is primarily due to recent market conditions, the completion of Colton's Cooley Plaza, industrial developments on the north side of Cooley Dr. (Stater Bros.), Taormina's recycling facility and Dieterich's truck sales lot improvements. Future assessed valuation will increase when the industrial development at 1601 Cooley Dr. hits the tax roles.

Tax increment projections over the next five years indicate that the project area will generate tax increment of approximately $2,259,000 in 2005 increasing to $2,447,000 in 2009. These funds will be used for debt service payments, pass-through payments and the 20% that will be deposited in the Agency's Housing Fund.

Expenditures are expected to increase in 2008 when San Bernardino County begins to receive its full share of general levy pass-through payments. Also included in this plan is the ERAF payment, an obligation that resulted from the State of California's budget deficit. For the purpose of this Plan it is assumed that this liability will continue indefinitely.

Cash flows are slightly positive from 2005 through 2007. In 2008 and 2009 cash flows will turn negative due to the expenditures previously mentioned. There is a $2.5 million cash balance leading into this plan which will allow for repayment of some of the prior pass-through obligations.

December 29, 1997 was the last date to incur debt. Therefore, the Agency will not be able to incur debt for future projects. However, pursuant to Section 33610, the City Council may appropriate to the Agency such funds, as the City Council deems necessary for the administrative expenses and overhead of the Agency. The money appropriated may be paid to the Agency as a grant to defray the expenses and overhead, or as a loan to be repaid upon such terms and conditions as the City Council may provide. The Agency can accept a grant of funds for administration expenses; however, the Agency cannot borrow money and establish debt. The Agency may also adopt an ordinance pursuant to SB211 to extend these timeframes. It is assumed that such an ordinance would not be adopted for purposes of this Plan.

Table 21
Cash Flow Projections
Santa Ana River
(000's)

Reference Page/(No.)	84(1)	85(2)	Calc	85(3)	Calc	85(4)	85(5)	Calc	Calc
	------Revenue------		Expense					Rev-Exp	
Year	Gross Tax Revenue	Misc/Int. Revenue	SB 2557 Charge	Pass Through	Housing Set Aside	Debt Svc Costs	Operating Costs	Available Funds	Available Cash
2003-04									2,537
2004/05	2,259	179	26	952	452	1,019	477	(488)	2,049
2005/06	2,305	179	27	962	461	1,019	356	(342)	1,707
2006/07	2,351	179	28	967	470	1,014	365	(314)	1,393
2007/08	2,399	179	28	1,191	480	1,014	374	(508)	885
2008/09	2,447	179	29	1,205	489	1,017	383	(496)	388

Sources:
HdL; Property Tax Reports; 2004/2005 Property Data; January 6, 2005
Beginning Cash Balance from City of Colton Finance Department

Assumptions (All Funds Combined):
(a) SB211 is not adopted

Table 22
Assessed Value and Tax Increment Projections
Santa Ana River
(000's)

2004-05 Assessed Value of Real Property	$200,024,000
Base Year Assessed Value (1982)	$10,214,000
Growth Rate	2.00%
General Levy	1.14%
County Charge	1.17%

Year	Real Property	Personal Property	Total Assessed Value	Taxable Value Over Base $10,214	Tax Increment	Unitary Tax	Gross Tax Revenue	Reference To Cash Flow (1) Gross Revenue
2004/05	200,024	7,292	207,316	197,102	2,247	12	2,259	2,259
2005/06	204,024	7,292	211,316	201,102	2,293	12	2,305	2,305
2000/07	208,105	7,292	215,397	205,183	2,339	12	2,351	2,351
2007/08	212,267	7,292	219,559	209,345	2,387	12	2,399	2,399
2008/09	216,512	7,292	223,804	213,590	2,435	12	2,447	2,447

Sources:
HdL; Property Tax Reports; 2004/2005 Property Data; January 6, 2005

Assumptions:
(a) 2% growth in assessed values
(b) No new development

Table 23
Miscellaneous Revenue and Expense Projections
(Excludes 20% Housing Set Aside)
Santa Ana River
(000's)

Cashflow Page 83		2004/05	2005/06	2006/07	2007/08	2008/09
	Revenues					
	Interest on Money (5601)	25	25	25	25	25
	Trustee Interest Income (5604)	42	42	42	42	42
	Interfund Loan Interest (5606)	102	102	102	102	102
	Transfer in from Debt Service Fund 897	10	10	10	10	10
(2)	Total Revenues	179	179	179	179	179
	Expenses					
	San Bernardino County Flood Control	58	59	60	61	62
	San Bernardino County	99	104	103	321	328
	San Bernardino Valley Muni Water Dist	148	150	153	156	159
	Colton Joint Unified School Dist	13	14	15	15	16
	San Bernardino Valley Community College Dist	2	2	2	3	3
	San Bernardino Valley Municipal Water Dist	55	56	57	58	60
	Prior Liability (a)	577	577	577	577	577
(3)	Total Pass-Throughs	952	962	967	1,191	1,205
	Series 1998 A TABs	745	749	748	746	744
	Series 1998 B TABs	274	270	266	267	273
(4)	Total Debt Service	1,019	1,019	1,014	1,014	1,017
	Admin charges on financing	5	5	5	5	6
	Administration	211	95	98	100	103
	Economic development	45	46	48	49	51
	Capital Projects Identified in Plan (b)	0	0	0	0	0
	ERAF (c)	206	210	214	219	223
	Legal fees (Dieterich/Beacon)	10	0	0	0	0
(5)	Total Operating Costs	477	356	365	374	383
	Total Expenses	**2,448**	**2,338**	**2,346**	**2,578**	**2,604**

Sources:
Redevelopment Agency Budget 2004/05 as approved on June 28, 2004 by Agency Resolution 835
TABS 1998 A&B Debt Service Schedules
California Redevelopment Association; http://www.calredevelop.org; January 4, 2005

Assumptions (All Funds Combined):
(a) Pay off all prior liability evenly over the 5-year plan
(d) Last date to incur debt was 12/29/97; additional debt cannot be incurred for redevelopment activity
(c) ERAF continues indefinitely
(d) 3% inflation factor for admin and miscellaneous costs
(e) SB211 is not adopted

6.5 West Valley

Assessed values have grown by 103.3% from $35.2 million in 2000 to $71.4 million in 2004. This growth is primarily due to recent market conditions, the expansion of Telco Foods and the Moss Bros. Ford development. Future increases to assessed value are anticipated once environmental issues are resolved and infrastructure projects identified in section 3.7.5 are completed, development of Valley and Meridian is completed, and Valley Boulevard at Pepper is realigned.

Tax increment projections over the next five years indicate that the project area will generate tax increment of approximately $854,000 in 2005 increasing to $946,000 in 2009. These funds will be used for debt service payments, pass-through payments, 20% that will be deposited in the Agency's Housing Fund, and the balance will be used to issue debt to fund projects in section 3.7.5.

Expenditures will remain consistent throughout the Plan and include the ERAF payment, an obligation that resulted from the State of California's budget deficit. For the purpose of this Plan it is assumed that this liability will continue indefinitely. The Agency may also adopt an ordinance pursuant to SB211 to extend debt issuance timeframes which expires in July 2006. It is assumed that such an ordinance would not be adopted for purposes of this Plan.

Cash flows are slightly positive from 2005 through 2009. There is a $1.4 million cash balance leading into this plan which will allow for repayment of some of the prior pass-through obligations.

Table 24
Cash Flow Projections
West Valley Amended
(000's)

Reference Page/(No.)	88(1)	89(2)	Calc	89(3)	Calc	89(4)	89(5)	Calc	Calc
	Revenue		Expense					Rev-Exp	
Year	Gross Tax Revenue	Misc/Int Revenue	SB 2557 Charge	Pass Through	Housing Set Aside	Debt Svc Costs	Operating Costs	Available Funds	Available Cash
2003/04									1,398
2004/05	854	31	10	372	171	97	943	(708)	691
2005/06	877	31	10	215	175	96	795	(383)	308
2006/07	900	31	11	221	180	95	728	(303)	5
2007/08	923	31	11	226	185	94	312	126	131
2008/09	946	31	11	230	189	98	321	128	259

Sources:
HdL; Property Tax Reports; 2004/2005 Property Data; January 6, 2005
Beginning Cash Balance from City of Colton Finance Department

Assumptions (All Funds Combined):
(a) "Amended" includes both the original project and its amendment

Table 25
Assessed Value and Tax Increment Projections
West Valley Amended
(000's)

2004-05 Assessed Value of Real Property	$95,848,000
Base Year Assessed Value (1974)	$31,119,094
Growth Rate	2.00%
General Levy	Various
County Charge	1.17%

Year	Real Property	Personal Property	Total Assessed Value	Taxable Value Over Base $31,119	Tax Increment	Unitary Tax	Reference To Cash Flow (1) Gross Revenue
2004-05	95,848	10,038	105,886	74,767	853	1	854
2005-06	97,765	10,038	107,803	76,684	876	1	877
2006-07	99,720	10,038	109,758	78,639	899	1	900
2007-08	101,715	10,038	111,753	80,634	922	1	923
2008-09	103,749	10,038	113,787	82,668	945	1	946

Sources:
HdL; Property Tax Reports; 2004/2005 Property Data; January 6, 2005

Assumptions:
(a) 2% growth in assessed values
(b) No new development
(c) "Amended" includes both the original project and its amendment

Table 26
Miscellaneous Revenue and Expense Projections
(Excludes 20% Housing Set Aside)
West Valley Amended
(000's)

Ref To Cashflow Page 87		2004/05	2005/06	2006/07	2007/08	2008/09
	Revenues					
	Trustee Interest Income (5604)	5	5	5	5	5
	Interfund Loan Interest (5606)	26	26	26	26	26
(2)	Total Revenues	31	31	31	31	31
	Expenses					
	San Bernardino County	25	26	26	27	27
	San Bernardino County Flood Control	16	16	17	17	17
	Rialto Unified School District	51	53	54	55	56
	Colton Joint Unified School Dist	14	14	14	15	15
	San Bernardino Valley Municipal Water Dist	103	106	110	112	115
	Prior Liability (a)	163	0	0	0	0
(3)	Total Pass-Throughs	372	215	221	226	230
	1999 TABs	97	96	95	94	98
(4)	Total Debt Service	97	96	95	94	98
	Administration	211	189	195	201	207
	Economic Development	27	28	29	30	30
	Capital Projects Identified in Plan (b)	600	500	425	0	0
	ERAF (c)	35	36	37	38	38
	Misc County fees	40	41	42	44	45
	Professional Services for Frontiertown	30	0	0	0	0
(5)	Total Operating Costs	943	795	728	312	321
	Total Expenses	**1,412**	**1,105**	**1,044**	**632**	**649**

Sources:
Redevelopment Agency Budget 2004/05 as approved on June 28, 2004 by Agency Resolution 835
TABS 1999 Debt Service Schedules
California Redevelopment Association; http://www.calredevelop.org; January 4, 2005

Assumptions (All Funds Combined):
(a) Pay off entire liability
(d) Last date to incur debt is 6/30/07; additional debt cannot be incurred for redevelopment activities after this date.
(c) ERAF continues indefinitely
(d) 3% inflation factor for admin and miscellaneous costs
(e) "Amended" includes both the original project and its amendment

6.6 Mt. Vernon Corridor

Assessed values have grown 6.4% from $91.4 million in 2000 to $97.2 million in 2004. This growth is primarily due to recent market conditions and the commercial improvements made on the corner of Mt. Vernon and La Cadena (Torta Sinaloa). Future growth will come from assembling and developing the properties at the northwest corner of Mt. Vernon and Colton Avenue as well as the revitalization of the former Howard Johnsons and from anticipated commercial development resulting from the infrastructure improvements identified in section 3.8.5.

Tax increment projections over the next five years indicate that the project area will generate tax increment of approximately $800,000 in 2005 increasing to $894,000 in 2009. These funds will be used for debt service payments, pass-through payments, 20% that will be deposited in the Agency's Housing Fund, and the balance will be used to issue debt to fund the projects in section 3.8.5. Expenditures include the ERAF payment, an obligation that resulted from the State of California's budget deficit. For the purpose of this Plan it is assumed that this liability will continue indefinitely. The Agency may also adopt an ordinance pursuant to SB211 to extend debt issuance timeframes which expires in June 2007. It is assumed that such an ordinance would not be adopted for purposes of this Plan.

Revenues are slightly higher than expenditures generating a positive cash flow. Beginning cash balances are $510,000 which will allow for repayment of some of the prior pass-through obligations.

Table 27
Cash Flow Projections
Mt. Vernon Corridor
(000's)

Reference Page/(No.)	92(1)	93(2)	Calc	93(3)	Calc	93(4)	93(5)	Calc	Calc
	------Revenue------				Expense			Rev-Exp	
Year	Gross Tax Revenue	Misc/Int Revenue	SB 2557 Charge	Pass Through	Housing Set Aside	Debt Svc Costs	Operating Costs	Available Funds	Available Cash
2003/04									510
2004/05	800	80	9	308	160	365	146	(109)	400
2005/06	823	80	10	319	165	362	254	(207)	193
2006/07	846	80	10	292	169	364	261	(171)	22
2007/08	870	80	10	145	174	366	269	(14)	8
2008/09	894	80	10	149	179	363	276	(3)	5

Sources:
HdL; Property Tax Reports; 2004/2005 Property Data; January 6, 2005
Beginning Cash Balance from City of Colton Finance Department

Assumptions (All Funds Combined):
(a) SB211 is not adopted

Table 28
Assessed Value and Tax Increment Projections
Mt. Vernon Corridor
(000's)

2004-05 Assessed Value of Real Property	$100,269,000
Base Year Assessed Value (1974)	$32,902,000
Growth Rate	2%
General Levy	1.140%
County Charge	1.17%

	Real Property	Personal Property	Total Assessed Value	Taxable Value Over Base $32,902	Tax Increment	Unitary Tax	Reference To Cash Flow (1) Gross Revenue
2004/05	100,269	2,640	102,909	70,007	798	2	800
2005/06	102,274	2,640	104,914	72,012	821	2	823
2006/07	104,320	2,640	106,960	74,058	844	2	846
2007/08	106,406	2,640	109,046	76,144	868	2	870
2008/09	108,534	2,640	111,174	78,272	892	2	894

Sources:
HdL; Property Tax Reports; 2004/2005 Property Data; January 6, 2005

Assumptions:
(a) 2% growth in assessed values
(b) No new development

Table 29
Miscellaneous Revenue and Expense Projections
(Excludes 20% Housing Set Aside)
Mt. Vernon Corridor
(000's)

Ref To Cashflow Page 41		2004/05	2005/06	2006/07	2007/08	2008/09
	Revenues					
	Trustee interest income (5604)	15	15	15	15	15
	Interfund loan interest	65	65	65	65	65
(2)	Total Revenues	80	80	80	80	80
	Expenses					
	Colton Joint Unified School District	39	40	41	43	44
	San Bernardino Valley Municipal Water Dist	87	97	99	102	105
	Prior Liability (a)	182	182	152	0	0
(3)	Total Pass-Throughs	308	319	292	145	149
	1999 TABs	365	362	364	366	363
(4)	Total Debt Service	365	362	364	366	363
	ERAF (b)	48	49	50	51	52
	Administration	83	189	195	201	207
	Economic Development	9	9	10	10	10
	Capital Projects Identified in Plan (c)	0	0	0	0	0
	Professional Services	6	6	6	7	7
(5)	Total Operating Costs	146	254	261	269	276
	Total Expenses	820	936	918	780	788

Sources:
Redevelopment Agency Budget 2004/05 as approved on June 28, 2004 by Agency Resolution 835
TABS 1999 Debt Service Schedules
California Redevelopment Association; http://www.calredevelop.org/docs; January 4, 2005

Assumptions (All Funds Combined):
(a) $516k of $912k liability will be paid leaving a balance of $396k at end of plan
(b) ERAF continues indefinitely
(c) There will not be enough cash in last 3 years of plan to support capital projects
(d) SB211 is not adopted
(e) 3% inflation factor for admin and miscellaneous costs

6.7 Rancho/Mill

Assessed values grew by 45.2% from $36.0 million in 2000 to $52.2 million in 2004. This growth is primarily due to recent market conditions, residential developments throughout the project area, improvements made at Jon Lin and the Colton Industrial Park.

Tax increment projections over the next five years indicate that the project area will generate tax increment of approximately $236,000 in 2005 increasing to $283,000 in 2009. These funds will be used to repay the $500,000 loan to the City, pass-through payments, 20% that will be deposited in the Agency's Housing Fund, and the balance will be used to issue debt to fund projects in section 3.9.5.

There are no major changes to expenditures from 2005 through 2007. However, in 2008 the $500,000 loan from the City will be repaid resulting in a $129,000 decrease in debt service payments. For the purpose of this Plan it is assumed that this liability will continue indefinitely.

Cash flows will run an annual deficit of approximately $100,000 until the City loan is repaid. In 2008 when it is repaid annual cash flows will turn slightly positive. Rancho/Mill does have a positive beginning cash balance of $763,000 which will be used to fund the annual deficit.

Table 30
Cash Flow Projections
Rancho/Mill
(000's)

Reference Page/(No.)	96(1)	97(2)	Calc	97(3)	Calc	97(4)	97(5)	Calc	Calc
	-----Revenue-----				Expense			Rev-Exp	
Year	Gross Tax Revenue	Misc/Int Revenue	SB 2557 Charge	Pass Through	Housing Set Aside	Debt Svc Costs	Operating Costs	Available Funds	Available Cash
2003/04									763
2004/05	236	20	3	47	47	129	590	(560)	203
2005/06	248	20	3	50	50	129	194	(158)	45
2006/07	259	20	3	52	52	129	148	(104)	(59)
2007/08	271	20	3	54	54	0	152	28	(31)
2008/09	283	20	3	57	57	0	156	30	(1)

Sources:
HdL; Property Tax Reports; 2004/2005 Property Data; January 6, 2005
Beginning Cash Balance from City of Colton Finance Department

Assumptions (All Funds Combined):
(a) SB211 is not adopted

Table 31
Assessed Value and Tax Increment Projections
Rancho/Mill
(000's)

2004-05 Assessed Value of Real Property	$49,669,000
Base Year Assessed Value (1974)	$35,428,845
Growth Rate	2%
General Levy	1.142%
County Charge	1.17%

	Real Property	Personal Property	Total Assessed Value	Taxable Value Over Base $35,429	Tax Increment	Unitary Tax	Reference To Cash Flow (1) Gross Revenue
2004/05	49,669	6,475	56,144	20,715	236	0	236
2005/06	50,662	6,475	57,137	21,709	248	0	248
2006/07	51,676	6,475	58,151	22,722	259	0	259
2007/08	52,709	6,475	59,184	23,755	271	0	271
2008/09	53,763	6,475	60,238	24,809	283	0	283

Sources:
HdL; Property Tax Reports; 2004/2005 Property Data; January 6, 2005

Assumptions:
(a) 2% growth in assessed values
(b) No new development

Table 32
Miscellaneous Revenue and Expense Projections
(Excludes 20% Housing Set Aside)
Rancho/Mill
(000's)

Ref To Cashflow Page 95		2004/05	2005/06	2006/07	2007/08	2008/09
	Revenues					
	Interest income (5601)	5	5	5	5	5
	Interfund loan interest	10	10	10	10	10
	Interfund Loan interest	5	5	5	5	5
(2)	Total Revenues	20	20	20	20	20
	Expenses					
	Tier 1	47	50	52	54	57
(3)	Total Pass-Throughs	47	50	52	54	57
	$500k Loan from City	129	129	129	0	0
(4)	Total Debt Service	129	129	129	0	0
	ERAF (a)	43	44	45	46	47
	Administration	92	95	98	100	103
	Economic Development	0	0	0	0	0
	Capital Projects Identified in Plan (b)	450	50	0	0	0
	Professional Services	5	5	5	5	6
(5)	Total Operating Costs	590	194	148	152	156
	Total Expenses	766	373	329	206	213

Sources:
Redevelopment Agency Budget 2004/05 as approved on June 28, 2004 by Agency Resolution 835
TABS 1999 Debt Service Schedules
California Redevelopment Association; http://www.calredevelop.org; January 4, 2005

Assumptions (All Funds Combined):
(a) ERAF continues indefinitely
(b) Funds transferred to City pursuant to CMA; $50k in 2005/06 = Home Beautification
(c) 3% inflation factor for admin and miscellaneous costs
(d) SB211 is not adopted

6.8 Housing

The Housing Fund receives approximately $1.5 million of its funding from a 20% transfer of property tax increments from the seven project areas and the IVDA Project Area, as well as approximately $450,000 from other miscellaneous revenue sources. The total annual revenue stream is approximately $2.0 million. Presently expenditures exceed revenues by $686,000 per year. In 2005/06 expenses decrease to the level so that they exceed revenues by approximately $330,000 each year. The decreased expenses are due to lower Assessment District 00-1 (also known as 94-1) payments because of lot sales at Rancho Mediterrania. The Agency is aggressively pursuing an exit strategy from the park in order to improve its financial position. In the past, Rancho Mediterrania received substantial subsidies from the Agency since it was the principal property owner. As of January 20, 2005 the Agency owned 53 lots. This Implementation Plan assumes that 6 lots will be sold each year. In the near future the Agency will also have to address its share of the electrical infrastructure and road replacements throughout the park. However, at this point there is not enough information to include any numerical assumptions in this plan.

Another drain on the Agency's resources comes from Colton Palms, a senior housing project located next to City Hall. The Agency secured bonds to develop the 101 unit complex and is committed to make the $500,000 annual debt service payments through 2026. Historically, rents have not been enough to pay the operating costs so they were subsidized by the Agency. In 1997 the project exhibited construction defects which resulted in a settlement with the Architect and Contractor in 2003. It is anticipated that the Agency and residents will reach a settlement on the future of the building at the beginning of 2005/06. This Implementation Plan assumes that the subsidies are discontinued and that the only liability remaining is the debt service payments.

The Housing Fund had a negative cash balance at June 30, 2004 of $1,255,000. Although it improves, projected cash balances will remain negative over the life of this plan. This negative cash position necessitated interfund loans that started in 1999 and will continue through 2022. Details of these loans are highlighted in Table 35.

Table 33
Cash Flow Projections
Housing
(000's)

Reference Page/(No.)	100(1)	100(2)	100(3)	100(4)	Calc	Calc
	------Revenue------		------Expense------		Rev-Exp	
	Gross Tax	Misc/Int.	Debt Svc	Operating	Available	Available
Year	Revenue	Revenue	Costs	Costs	Funds	Cash
2003-04						(1,255)
2004/05	1,504	449	1,813	827	(686)	(1,941)
2005/06	1,574	439	1,379	973	(339)	(2,281)
2006/07	1,609	420	1,380	982	(333)	(2,614)
2007/08	1,644	399	1,385	990	(333)	(2,946)
2008/09	1,680	379	1,365	999	(305)	(3,252)

Sources:
Beginning Cash Balance from City of Colton Finance Department

Table 34
Revenue and Expense Projections
(Includes 20% Set Aside)
Housing
(000's)

Ref To Cashflow Page 97		2004/05	2005/06	2006/07	2007/08	2008/09
	Revenues					
	Transfer in from Cooley Ranch Project Area	584	632	644	656	668
	Transfer in from West Valley Project Area	171	175	180	185	189
	Transfer in from Mt Vernon Project Area	160	165	169	174	179
	Transfer in from Santa Ana Project Area	452	461	470	480	489
	Transfer in from Rancho/Mill Project Area	47	50	52	54	57
	Transfer in from Downtown 1 Project Area	21	21	22	22	23
	Transfer in from Downtown 2 Project Area	12	12	12	13	13
	Transfer in from IVDA	57	58	59	61	62
(1)	Tax Increment Revenue	1,504	1,574	1,609	1,644	1,680
	Interest on Money (5601)	11	11	11	11	11
	Trustee Interest Income (5604)	82	82	82	82	82
	Rancho Med lot rents (870-XXXX) (a)	94	84	65	44	24
	RDA Loan Repayments (Interest only)	30	30	30	30	30
	Rancho Med Help Loan (865-XXXX) (b)	3	3	3	3	3
	Rancho Med lot sales (6 per yr; 53 lots still owned by RDA; Avg $32k per lot) (c)	192	192	192	192	192
	AD 94-1 assessments (855-5204)	37	37	37	37	37
(2)	Total Miscellaneous Revenue	449	439	420	399	379
	TOTAL REVENUE	1,953	2,013	2,029	2,042	2,059
	Expenses					
	Series 1998 TABs (d)	707	704	704	704	703
	Series 2004 TABs (Refi for Colton Palms) (e)	512	507	501	505	504
	CRF Note (f)	90	95	99	102	86
	Assessment Dist No. 94-1 (assessment on Rancho Med Agency owned lots) (g)	503	73	76	74	72
(3)	Total Debt Service	1,813	1,379	1,380	1,385	1,365
	Transfer out to Administration (h)	138	284	293	301	310
	Transfer out to Economic Development (h)	0	0	0	0	0
	Interfund Loan Interest Cooley Ranch	155	155	155	155	155
	Interfund Loan Interest West Valley	26	26	26	26	26
	Interfund Loan Interest Mt Vernon	65	65	65	65	65
	Interfund Loan Interest Santa Ana	102	102	102	102	102
	Interfund Loan Interest Rancho/Mill	15	15	15	15	15
	Rancho Med cost of lot sales ($29k per lot) (855-3890)(c)	174	174	174	174	174
	Rancho Med park development(855-3890)					
	Rancho Med park operations professional services (855-2350)					
	Rancho Med Misc fees & expenses (855-XXXX)					
	Rancho Med Park Operations Maint (870-XXXX) (c)	152	152	152	152	152
(4)	Total Operating Costs	827	973	982	990	999
	TOTAL EXPENSE	2,640	2,352	2,362	2,375	2,364

Sources:
(c) RDA; R:\Housing\Rmed\Operations\Rancho Med Operations Matrix for January 2005 Meeting
(d) TABS 1998 Debt Service Schedules
(e) TABS 2004 Debt Service Schedules
(f) 2003/04 Audit; Note 5; Pg 25
(g) 2003/04 Audit; Note 5; Pg 23
(h) Redevelopment Agency Budget 2004/05 as approved on June 28, 2004 by Agency Resolution 835

Assumptions (All Funds Combined):
(a) Will decrease and follow downward trend at the same rate as lots are sold. Assumed that there are 53 lots as of 1/20/05; will sell 6 per year.
(b) Have 3 loans that will be paid off in 2011
(i) Colton Palms has been excluded due to pending settlement negotiations
(j) Excludes Agency's contribution for capital improvements in Rancho Mediterrania (Electricity and Streets)

Table 35
Redevelopment Agency
Interfund Loans

Lending Fund	Loan Date	Term Date	Original Loan Amount	6/30/2004 Loan Balance
Cooley Ranch DS	9/30/99	4/1/19	$912,244	$0
Cooley Ranch DS	6/30/01	8/1/21	$1,100,000	$935,000
Cooley Ranch DS	7/1/02	7/31/22	$200,000	$200,000
Cooley Ranch			$2,212,244	$1,135,000
Santa Ana River DS	9/30/99	10/1/19	$912,244	$912,244
Santa Ana River BP	9/30/99	10/1/19	$1,000,000	$519,359
Santa Ana River DS	7/1/02	7/31/22	$550,000	$550,000
Santa Ana River			$2,462,244	$1,981,603
West Valley DS	6/30/01	8/1/21	$225,000	$225,000
West Valley BP	6/30/01	8/1/21	$131,000	$131,000
West Valley DS	7/1/02	7/31/22	$150,000	$150,000
West Valley			$506,000	$506,000
Rancho Mill DS	6/30/01	8/1/21	$65,000	$65,000
Rancho Mill DS	7/1/02	7/31/22	$150,000	$150,000
Rancho/Mill			$215,000	$215,000
Mount Vernon BP	9/30/99	10/1/17	$2,000,000	$2,760,831
Mount Vernon DS	6/30/01	8/1/21	$935,000	$935,000
Mt Vernon			$2,935,000	$3,695,831

Appendix A
Certificate of Program Compliance

Redevelopment Agency for the City of Colton

CERTIFICATION OF CONTINUING PROGRAM COMPLIANCE

The undersigned, being a ____________________________ of ________________________
(Authorize Manager/Agent) (the "Project")
represents and warrants that:

1. He/she has read and is thoroughly familiar with the provisions of the _________________________ Agreement (the "Agreement") dated ____________ by and between the Redevelopment Agency for the City of Colton, and _________________________.
(the "Developer")

2. He/She is authorized to complete this form.

3. As of the date of this certificate, the following numbers of completed residential units in the Project are (1) occupied by Qualifying Tenants (as defined in the above-referenced Agreement) or (2) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Qualifying Tenant vacated such unit, as indicated:

Occupied by Qualifying Tenants: No. of Units __________

Held vacant for occupancy
continuously since last occupied
by Qualified Tenant: No. of Units __________

By: ____________________________________ Dated: ______________________

Title: ___________________________________

REDEVELOPMENT AGENCY FOR THE CITY OF COLTON

TENANT CERTIFICATION OF ELIGIBILITY AND INCOME VERIFICATION

PART I. GENERAL INFORMATION

1. Project Name

____

2. Project Location

____

3. Landlord's Name

____

PART II. UNIT INFORMATION

4. Unit Number: ______

5. Number of Bedrooms: _______

6. Monthly Rent $_______

7. Number of Occupants: _______

PART III. AFFIDAVIT OF RENTER

I, ______________________________, and I, ______________________________, as applicant(s) for rental of an Affordable Unit in the above-described Project, do hereby represent and warrant as follows:

A. (My/Our) adjusted income (anticipated total annual income) does not exceed __________________________ percent (___%) of the area-wide median income adjusted for family size for the County of San Bernardino as such income levels are established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937 and published by the State Department of Housing and Community Development in the California Administrative Code. (I/We) understand that the applicable median income is $ _________. The following computation includes all income (I/we) anticipate receiving for the twelve (12) month period beginning on the date (I/we) execute a rental agreement for an Affordable Unit or the date on which (I/we) will initially occupy such unit, whichever is earlier.

For the renter and all family members, include:

1. Amount of wages, salaries, overtime pay, commission, fees, tips and bonuses, and payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay (before payroll deductions); $__________

2. Net income from business or profession or rental of property (without deduction for repayment of debts or expansion of business); $__________

3. Interest and dividends; $__________

4. Periodic receipts such as social security, annuities, pensions, retirement funds, insurance policies, disability or death benefits, alimony, child support, regular contributions or gifts from persons not occupying the unit; $__________

5. Public assistance allowance or grant plus excess of maximum allowable for shelter or utilities over the actual allowance for such purposes; $__________

6. Regular or special pay and allowances of a member of armed services (whether or not living in the dwelling) who is head of the family or spouse. $__________

Total Eligible Income: **$__________**

Note: The following items are not considered income: casual or sporadic gifts; amounts specifically for or in reimbursement of medical expenses; lump sum payment such as inheritances, insurance payments, capital gains and settlement for personal or property losses; educational scholarships paid directly to the student or education institution; government benefits to a veteran for education; special pay to a servicemen head of family away from home and under hostile fire; foster child care payments; value of coupon allotments for purpose of food under Food Stamp Act of 1964 which is in excess of amount actually charged the eligible household; relocation payments under Title II of Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; payments received pursuant to participation in the following programs: VISTA, Service Learning Programs, and Special Volunteer Programs, SCORE, ACE, Retired Senior Volunteer Program, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience.

B. This affidavit is made with the knowledge that it will be relied upon by the Landlord to determine maximum income for eligibility and (I/we) deem reliable and that the estimate contained in paragraph 1 is reasonable and based upon such investigation as the undersigned deemed necessary.

C. (I/We) will assist the Landlord in obtaining any information or documents required to verify the statements made in this Part III and have attached hereto copies of federal income tax returns for the past two years.

D. (I/We) acknowledge that (I/we) have been advised that the making of any misrepresentation or misstatement in this affidavit will constitute a material breach of (my/our) agreement with the Landlord to rent the unit and will additionally enable the landlord to initiate and pursue all applicable legal and equitable remedies with respect to the unit and to (me/us).

(I/We) do hereby swear under penalty of perjury that the foregoing statements are true and correct.

______________________	______________________
Date	Applicant
	______________________
	Applicant

SUBSCRIBED AND SWORN TO before me this _______ day of ______________________, 20__.

____
(Notary Seal)

____
Notary Public in and for the State of California

My Commission expires: ___________________

Note: Certification is not complete unless third party verifications of all household sources of income are attached.

Redevelopment for the City of Colton

CERTIFICATION OF CONTINUING PROGRAM COMPLIANCE

The undersigned, being the owner-occupant of the property located at ________________________, Colton, California 92324 represents and warrants that:

1. (I/We) has read and is thoroughly familiar with the provisions of the ________________________ Agreement (the "Agreement") dated ____________ by and between the Redevelopment Agency for the City of Colton, and ________________________.
(the "Property Owner")

2. As of the date of this certificate, (I/We) own the above described property and occupies the dwelling unit locates on the property as a permanent residence and usual place of abode.

(I/We) do hereby swear under penalty of perjury that the foregoing statements are true and correct.

____________________________	____________________________
Date	Owner-Occupant
	____________________________
	Owner-Occupant

SUBSCRIBED AND SWORN TO before me this _______ day of _______________________, 20__.

____
(Notary Seal)

____
Notary Public in and for the State of California

My Commission expires: ____________________

SUBSCRIBED AND SWORN TO before me this _______ day of _______________________, 20__.

____
(Notary Seal)

____
Notary Public in and for the State of California

My Commission expires: ____________________

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO) ss.
CITY OF COLTON)

I, **CAROLINA P. BARRERA**, Assistant Secretary of the Redevelopment Agency of the City of Colton, California, **DO HEREBY CERTIFY** that the foregoing is a full, true and correct copy of **Resolution No. 839**, dully adopted by the said Agency, and approved by the Vice Chairperson of said City, at its Regular meeting of said Agency held on the **15th day of March, 2005**, and that is was adopted as follows:

AYES:	Members	DeLaRosa, Chastain, Ramos, Zamora, Mitchell, and Bennett
NOES:	Members	None
ABSTAIN:	Members	None
ABSENT:	Members	Hernandez

DATE: ______________________

____
CAROLINA P. BARRERA, CMC
Assistant Secretary
Redevelopment Agency

(SEAL)