

WORK PROGRAM FOR THE PREPARATION OF A JOINT CITY/COUNTY ECONOMIC DEVELOPMENT STRATEGY FOR THE NORTHEAST ANTIOCH AREA

Updated January 5, 2011

INTRODUCTION: In preparing a Work Program for a project as complex as the proposed Joint Economic Development Strategy there is a benefit in identifying the goals that both parties hope to accomplish. This section identifies these goals, along with the key assumptions on which this Work Program is based. It is important to note that this Work Program, along with the Goals and Assumptions on which the Work Program is based, may evolve and change over time through the work of the City Council/Board of Supervisor Subcommittee, to be established as defined in Task #1 of this Work Program.

Goals to Achieve Through the Joint City/County Economic Development Strategy

1. **Need to increase job creation:** The Northeast Antioch Area, which contains hundreds of acres of vacant and underdeveloped land, has the potential for the development of the type of land uses that could bring hundreds and perhaps thousands of new, well paying jobs to Eastern Contra Costa County. East County currently suffers from a poor jobs to housing ratio.
2. **Need to enhance the existing tax base:** While the existing industrial area along Wilbur Avenue currently generates a net tax surplus, the opportunity exists to significantly increase the tax base above current levels through the development/redevelopment of vacant and underutilized properties with new, higher intensity job generating uses. Power plants, such as Mirant and Gateway, appear to have the greatest near term potential to enhance the existing tax base, given their relatively small footprint and high capital cost. However, the job creation they bring is limited particularly when compared to the cost to construct this type of facility.
3. **Need to complete the annexation process:** Annexation of the Northeast Antioch Area to the City of Antioch and DDSD is a necessary precondition to provide water and sewer services to the area. The development of the type of higher intensity uses needed to increase job generation and enhance the tax base is only possible by making City and DDSD sewer and water services available through annexation. Realizing annexation is a key goal of this effort. The successful negotiation of a tax sharing agreement between the City and the County is the key to moving the annexation process forward to a successful conclusion.
4. **Need to address the sewer/water problems facing the existing residential area:** The majority of existing residential uses in the Northeast Antioch Area lack sewer and water service, as they depend on aging septic fields and wells. This situation presents a significant potential public health issue that needs to be resolved. Resolution of this issue will likely require funding from outside the existing residential area, given the high cost of constructing utilities to serve the area and the relatively low assessed value of the existing residential uses.
5. **Need to address the zoning/building code status of the existing housing in residential area:** The existing residential area likely contains many non-conforming, substandard structures and uses. Balancing the desire of the existing residents to maintain what they

consider the character of the area with the need to appropriately address public health and safety issues will present a challenge that needs to be addressed.

Key Assumptions that Shape How the Work Program is Structured

1. **Geographic Boundary of Annexation:** The Antioch City Council has to date authorized submitting an annexation application for only the Industrial Area, known as Area 1. LAFCO staff has stated that they would not support the annexation of the Industrial Area (refer to Area 1 on the attached map) that does not address in some fashion the Viera residential subarea (Area 2b) and the existing marinas (Area 2a). The City may in the future choose to add these two areas to the annexation application, pending a satisfactory resolution to the Tax Transfer Agreement with the County.
2. **Assumption of Residential "Island" Determination by LAFCO:** Based on discussions with LAFCO staff, it is the understanding of the City and County that LAFCO staff would recommend that LAFCO find the marina and residential marina areas (Areas 2a and 2b) are "islands" for the purpose of annexation under LAFCO law, assuming these areas meet the "island" criteria as established by LAFCO law. It is the City's and County staff's understanding that if such an "island" determination is made by LAFCO, that the existing residents within the "island" area would not have the discretion to vote on the annexation. Such discretion would exist with LAFCO.
3. **"Island" Determination by LAFCO:** The Joint Economic Development Strategy will need to take into account the possibility that LAFCO may determine that Areas 2a and 2b are not "islands". If this is the case, one option would be for Areas 2a and 2b to remain in the County. Over time these residential properties contiguous to the City boundary could singularly or in groups annex to the City and DDSD when they desire to hook up to City sewer and water service.

WORK PROGRAM

TASK #1: Finalize Work Program and Form a City Council/Board of Supervisors

Subcommittee: Given the complex and potentially controversial issues involved with formulating and implementing a Joint Economic Development Strategy for an area with the size and diversity of Northeast Antioch, it would be appropriate early on to form a Council/Supervisor Subcommittee to review/update the work program on an ongoing basis, and to provide a "sounding board" for City and County staff on policy and political issues that arise during the process:

- **Subtask 1a, City/County staffs finalize Work Program:** This will likely take several iterations, and will include preparing timelines for the various tasks, and more detail on the parties responsible for each task.
- **Subtask 1b, Form Council/Board Subcommittee, get Work Program approved:** Membership of a Subcommittee could consist of 1 City Council and 1 Board of Supervisor Member. The finalized Work Program could either be brought to the full City Council/Board of Supervisors for their approval, or approved by the Subcommittee
- **Subtask 1c, Public Information Strategy:** It would be useful early on to address how and when the residents/property owners in the Northeast Antioch Area would be kept informed

and have input on the preparation of the Joint Economic Development Strategy. This issue of public notification is particularly critical for the residential area, where premature or late notice on project status could aggravate residents' concerns. The Council/Supervisor Subcommittee would approve the public information strategy. Updating of polls of residents previously conducted by the City in 2008 may be considered.

- Responsible Party: City/County staff
- Subtask 1d, Estimate in as Much Detail as Possible the Cost of Carrying Out the Work Program, and Identify City/County/ and other Funding Sources: Performing the various tasks identified in the Work Program will take a commitment from both the City and County in terms of staff time and financial resources. Costs of performing the tasks in the work program need to be estimated in more detail as the Work Program moves forward, and will require securing the financial resources needed to offset City staff and consultant costs. This may require finding new funding sources, or shifting current resources to this effort. The significant cost items would likely involve updates to the existing fiscal analysis of the annexation, preparing documents and plans relating to establishing a redevelopment district, and the preparation of CEQA documents. The existing Negative Declaration prepared by the City for the Northeast Annexation and certified in June 2010 would serve as a basis for any CEQA analysis.

The City and County agree to split the cost of performing the various tasks in the Work Program on a 50/50 basis, with the exception that each agency will be responsible for funding and securing funding sources as necessary for their respective staff costs.

TASK #2: City/County Consensus on Fiscal Analysis: The key precondition to preparing and implementing the Joint Economic Development Program envisioned is for the City and County staff, and decision makers to agree on the specifics of the financial issues relevant to the Northeast Antioch Area:

- Subtask 2a, Gruen Report: County staff needs to review in detail the assumptions and analysis contained in the report "Fiscal Impacts of the Annexation of the Northeast Antioch Area, October 2009" prepared by Gruen/Gruen Associates for the City of Antioch. This analysis contains data on existing and projected property and sales tax for the Northeast Antioch area broken out by subarea, and presents several scenarios assuming a range of possible tax sharing between the City and the County. This Gruen Study also contains a detailed cost analysis prepared by the engineering firm of Carlson/Barbee/Gibson, working as a subconsultant to Gruen that provides detailed cost estimates of providing sewer, water, storm drain, roads and other infrastructure to the annexation area. County staff needs to review this analysis, and get comfortable with the data and the conclusions.
 - Responsible Party: Review of Gruen report by County staff, followed by meeting with City staff and Gruen to respond to questions, with revisions to Gruen report as appropriate. Gruen report could then be brought to the Council/Supervisor Subcommittee for their review and approval.
- Subtask 2b, Gas Surcharge and other possible revenue sources: During the discussions over the last year on the annexation, the issue was raised by County staff of the possibility of the County or City collecting a significant amount of tax revenue through a "Gas Tax Surcharge" from gas fired power plants. County records showed such tax revenue received by the County from the Northeast Antioch Area for the years 2000-2007. However, there were unanswered questions over the applicability of this tax source to Mirant, and how

recent State legislation may have changed how this tax is collected. This needs to be clarified.

- Responsible Party: County staff would research the amount of gas tax surcharge revenue collected in the past. City/County staff would jointly research the potential for revenue from this tax, and other "exotic" possible sources of tax revenue.

TASK #3: Explore possible formation of redevelopment district within Northeast Antioch

Area: The use of redevelopment funding is a logical tool to finance the needed infrastructure for the area, which currently lack most basic infrastructure, other than roads. The flip side of this issue is the extent of the use of redevelopment funding could impact City/County General fund revenue.

- Subtask 3a: City/County staffs prepare a "white paper" on the procedural steps necessary to implement a redevelopment district in the Northeast Antioch Area, and determine how this could be coordinated with the City's current plan to merge its existing redevelopment districts. Determine the possibility of structuring a redevelopment district in such a manner so as to minimize the impact on General Fund revenue. Also, consider ways to address possible concerns of residents in area to the issue of redevelopment district formation.
 - Responsible Party: City/County staff working jointly, acknowledging that the County has more expertise and experience in dealing with redevelopment-related issues.
- Subtask 3b: Determine fiscal implications of possible formation of redevelopment district. Gruen report does not explicitly address redevelopment district formation, although the report contains useful source data, such as existing and projected assessed values that would be useful in a fiscal analysis of redevelopment.
 - Responsible Party: County/City staff would prepare a work scope for Gruen (or other mutually agreed upon consultant) to analyze fiscal implications/benefits of redevelopment district formation. Determine estimated redevelopment plan adoption costs (including CEQA) and how to fund these consultant costs.
- Subtask 3c: Define the project boundaries and prepare a Redevelopment Plan for the Project Area along with corresponding CEQA documents.

TASK #4: Negotiate Possible "Revenue Sharing" Between the City and the County: With the information from Tasks #2 and #3 in hand, the City and the County should be in a position to discuss/negotiate possible revenue sharing for the Northeast Antioch Area. This negotiation will need to take into account all relevant variables, including the need to provide sufficient funding to subsidize the basic infrastructure needed to serve the residential area.

- Subtask 4a: City/County staffs negotiate an agreement balancing the items listed above. Perhaps develop two or three different revenue sharing scenarios.
- Subtask 4b: Bring the draft revenue sharing agreement and any alternate revenue sharing scenarios to the Council/Supervisor Subcommittee for their review and comment.
- Subtask 4c: It is anticipated that one of the key "products" of the revenue sharing agreement would be resolution to the issue of the Tax Transfer Agreement required for annexation.

- **TASK #5: City/County Land Use Requirements for Northeast Antioch Area:** The City and County General Plan designations are very similar for the industrial subarea (Area 1), but tend to differ for the marina and residential areas (Areas 2a and 2b). The City has not yet rezoned the area, so zoning can't currently be compared. City/County staff need to work together to evaluate the range of land use possibilities for the Northeast Antioch Area to ensure a consistent set of land use designations. In addition, land use designations and development standards need to be established that further the City/County goals for the area, including job creation and enhancing the tax base.
- **Subtask 5a:** Both jurisdictions may need to amend their General Plans and zoning/prezoning as necessary for consistency and to help achieve the same mutual land use goals for the area. The land use goals would reflect the overall goals identified at the beginning of this Work Program, which would focus on land uses that provide significant job creation as well as increased tax base.
- **Subtask 5b:** Any General Plan or zoning changes will require environmental documentation, which could be prepared jointly with one jurisdiction acting as lead agency.
- **Subtask 5c:** Any change of General Plan/zoning would require public notice of the area in question.
- **Subtask 5d:** The concept of permit streamlining could be explored to enhance the attractiveness of the area to end users/investors. This could be reflected in the zoning code for the area. A related approach would be to prepare environmental documentation (i.e. a Project Level EIR) that prospective employers/investor could use to facilitate their own environmental clearance for their project.
- **Subtask 5e:** It will be necessary to formulate prezoning for the residential area 2b. Alternately a "study" zone could be used.
 - Crafting zoning for this area will be a challenge given the wide "variety" of buildings within the residential area.
 - County Code Enforcement may need to provide data on the number and location of non conforming structures in the residential area.

TASK #6: Formalizing Coordination of Economic Development/Marketing Efforts for the Northeast Antioch Area: Due to budget cuts the City has a very limited economic development function. The County has more staff that carries out economic development duties, but this staff is currently spread over a wide range of projects. Possible ways to formalize economic development coordination are as follows:

- **Subtask 6a:** City and County could agree to commit staff and/or financial resources to seek grant funding supportive of economic development in the area. The City currently employs a lobbyist that could be helpful in this regard.
- **Subtask 6b:** City and County could consider maintaining a joint website to market the area.

TASK #7: Explore Possibility of Formation of Port Authority: The Northeast Antioch Area currently has deep water access and is located along an existing shipping channel. The area is also well served with rail access.

- Subtask 7a: City and County jointly explore the economic potential of the area as a port, and explore the possible formation of a joint City/County Port Authority. This will likely require a feasibility and fiscal analysis by a consultant.

Other TASKS as determined by the City/ County Subcommittee