



**COUNCIL COMMUNICATION  
REDEVELOPMENT AGENCY COMMUNICATION**

**Date:** February 9, 2010

**TO:** Mayor and Members of the City Council  
Chairman and Members of the Redevelopment Agency

**FROM:** Robert F.D. Adams, City Manager/Executive Director  
Craig Whittom, Assistant City Manager/Community Development  
Annette Taylor, Senior Community Development Analyst  
Robert Stout, Finance Director

**SUBJECT:** Consideration of an Amended and Restated Memorandum of Understanding between the County of Solano, the Vallejo Redevelopment Agency, and the City of Vallejo

**BACKGROUND & DISCUSSION**

On September 30, 2008 the Solano County Board of Supervisors approved an agreement with Brooks Street to develop a vision for the Solano County Fairgrounds. As part of the visioning process, the Solano 360 Committee was formed, comprised of two members of the Solano County Board of Supervisors and the Mayor's appointees to the City of Vallejo's fairgrounds ad hoc committee. The Solano 360 Committee met with Brooks Street and its team to discuss the Guiding Principles pertaining to the redevelopment of the Solano County Fairgrounds and concurrently City staff had discussions with County staff regarding the terms of the 2003 MOU. Because the 2003 MOU was set to expire in 2010 a new MOU was negotiated.

On March 10, 2009, the City Council adopted Resolution 09-040 N.C. adopting the revised Guiding Principles pertaining to the redevelopment of the Solano County Fairgrounds and Resolution 09-041 N.C. approving and authorizing the City Manager or his designee to execute a new Memorandum of Understanding (MOU) between the City of Vallejo and the County of Solano.

On June 9, 2009, the City Council adopted Resolution 09-124 N.C. approving the Solano 360 Visioning Report pertaining to the redevelopment of the Solano County Fairgrounds. Upon approval of the Solano 360 Visioning Report, the County would direct ERA, an economic and market research firm to prepare a financial feasibility analysis. ERA would prepare models based on the mix of uses called out in the Vision. These models would reflect estimated public and private costs and revenues to the City and County.

The Financial Modeling and Fiscal Analysis draft report was prepared by ERA and presented to County and City staff for review. City staff hired Municipal Resource Group LLC to conduct a peer review of the draft report to ascertain if the proposed project was feasible as envisioned. The peer review report included comments regarding assumptions and analyses supporting the draft financial feasibility analysis development and assumption scenarios, City revenue and financial flow analysis, redevelopment tax increment and financial flow analysis, internal rate of return analysis and resources for municipal services analysis. The peer review

concluded that the proposed project is feasible with certain revenue participation from all parties involved.

The City and County were also to address the requirements of the MOU and define an entitlement path for the areas defined in the MOU as "public purposes" and "private purposes." The Solano 360 Committee met and requested staff to draft an amended and restated MOU, which is being presented to you this evening. The proposed amendments to the MOU do the following:

- Add the Redevelopment Agency as a party to the MOU
- Change the term to five years from the date this MOU is executed or superseded by a revised MOU or Revenue Sharing Agreement
- Describe the terms of quitclaiming the reversionary interests related to the project
- Restate the development of the Project Vision
- Describe the expedited entitlement process
- Describe the financial contribution and future revenue participation
- List potential revenue sources
- Make minor technical changes

The parties have achieved consensus on the majority of issues in the MOU. Two issues remain outstanding as of the date of distribution of the staff report. These issues are the indemnity obligations of the Agency and a clarification regarding the designation of two 'mixed use' parcels as private purpose areas for revenue sharing agreement purposes. Staff will update the City Council regarding the resolution of these issues at the City Council meeting on February 9, 2010. Staff recommends that the City Council authorize the City Manager or his designee to negotiate and resolve these outstanding issues and execute the MOU.

If the Amended and Restated MOU is approved by the City Council/RDA and the Solano County Board of Supervisors, staff will begin work on the entitlement process and the development of a Specific Plan including Design Guidelines. The Solano 360 Committee will continue to meet as needed. These meetings are opened to the public.

#### FISCAL IMPACT

There is no fiscal impact caused by this action.

#### RECOMMENDATION

Consideration of a resolution approving the amended and restated MOU.

#### ENVIRONMENTAL REVIEW

An environmental review is not required for this action. An EIR will be prepared prior to or concurrently with the entitlement process for the Project.

#### DOCUMENTS ATTACHED

Attachment A - City Council Resolution approving the Amended and Restated Memorandum of Understanding between the County of Solano, the Vallejo Redevelopment Agency, and the City of Vallejo

Attachment B - Redevelopment Agency Resolution approving the Amended and Restated Memorandum of Understanding between the County of Solano, the Vallejo Redevelopment Agency, and the City of Vallejo

Attachment C - Amended and Restated Memorandum of Understanding between the County of Solano, the City of Vallejo Redevelopment Agency, and the City of Vallejo

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649-3510, [annette@ci.vallejo.ca.us](mailto:annette@ci.vallejo.ca.us)

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**RESOLUTION \_\_\_\_ N.C.**

WHEREAS, on July 8, 2003, the Vallejo City Council approved the execution of the Memorandum of Understanding (2003 MOU) between the City of Vallejo, County of Solano, and the Solano County Fair Association and a quitclaim deed regarding the deed restrictions imposed by the deed conveying the Fairgrounds Property to Solano County dated January 16, 1947; and

WHEREAS, the County of Solano entered into an agreement with Brooks Street to develop a vision for the Solano County Fairgrounds; and

WHEREAS, the Mayor's appointees to the City of Vallejo's Fairgrounds Ad Hoc Committee have been meeting with the Solano County's subcommittee to discuss the vision for the redevelopment of the fairgrounds; and

WHEREAS, on March 10, 2009 the Vallejo City Council adopted Resolution 09-040 adopting the revised Guiding Principles pertaining to redevelopment of the Solano County Fairgrounds, and

WHEREAS, City staff had been in discussions with County staff regarding the terms of the 2003 MOU which expired in 2010; and

WHEREAS, a new MOU was negotiated between the City of Vallejo and County of Solano; and

WHEREAS, on March 10, 2009, the Vallejo City Council approved the execution of the new Memorandum of Understanding (2009 MOU) between the County of Solano and the City of Vallejo; and

WHEREAS, it was noted that additional agreements may be required between the City of Vallejo and County of Solano as the development of the Fairgrounds progressed; and

WHEREAS, on June 9, 2009, the Vallejo City Council approved the Solano 360 Visioning Report pertaining to the redevelopment of the Solano County Fairgrounds; and

WHEREAS, the Fairgrounds is located within the Flosden Redevelopment Area; and

WHEREAS, the County of Solano and City of Vallejo desire to amend and restate the 2009 MOU to articulate the role of the Vallejo Redevelopment Agency and to clarify certain roles and responsibilities among all the parties;

NOW, THEREFORE BE IT RESOLVED that the City Council hereby authorizes the City Manager or his designee to resolve any outstanding issues at his discretion and execute the Amended and Restated Memorandum of Understanding between the County of Solano, the City of Vallejo Redevelopment Agency and the City of Vallejo.

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WHEREAS, on June 9, 2009, the Vallejo City Council approved the Solano 360 Visioning Report pertaining to the redevelopment of the Solano County Fairgrounds; and

WHEREAS, the Fairgrounds is located within the Flosden Redevelopment Area; and

WHEREAS, the County of Solano and City of Vallejo desire to amend and restate the 2009 MOU to articulate the role of the Vallejo Redevelopment Agency and to clarify certain roles and responsibilities among all the parties;

NOW, THEREFORE BE IT RESOLVED that the City of Vallejo Redevelopment Agency hereby authorizes the Executive Director or his designee to resolve any outstanding issues at his discretion and execute the Amended and Restated Memorandum of Understanding between the County of Solano, the City of Vallejo Redevelopment Agency and the City of Vallejo.

**AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING  
BETWEEN THE CITY OF VALLEJO, THE VALLEJO REDEVELOPMENT AGENCY  
and THE COUNTY OF SOLANO**

This Amended and Restated Memorandum of Understanding (“MOU”) between the County of Solano, a political subdivision of the State of California (the “County”), the Vallejo Redevelopment Agency, “Agency” and the City of Vallejo, a municipal corporation (the “City”), collectively the ‘Parties’, is entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 2010, and amends and restates the March 10, 2009 MOU described in recital 5 below. Upon execution of this Amended and Restated MOU, the March 10, 2009 MOU will have no further force or effect.

Recitals

1. On July 11, 2003, the County, City, and the Solano County Fair Association (“SCFA”) entered into a Memorandum of Understanding (the “2003 MOU”) acknowledging that the three entities share a common vision for the revitalization of the Solano County Fairgrounds (“Fairgrounds”) and recognizing the need to reach agreement regarding the planning and permitting process for the redevelopment of the Fairgrounds project (“Project”).
2. The 2003 MOU required the City to quitclaim certain of its reversionary interests (the “Reversionary Interest”) in the deed restrictions identified in the deed to the County of Solano dated January 16, 1947, recorded in Book 387, Page 108 of the Official Records of the County of Solano (“Original Deed”) unless the County either failed to execute a “Memorandum of Understanding” with a master developer by July 8, 2008 or the commercial development envisioned in the 2003 MOU had not been completed and placed into operation by July 8, 2010.
3. The County had entered into an “Exclusive Negotiating Agreement” with a selected master developer but was unable to execute a “Memorandum of Understanding” by July 8, 2008 that was both financially feasible and capable of meeting the stated goals of the County and interested stakeholders.
4. The County is still committed to the Project and has since engaged a consultant to assist with the visioning process for the Fairgrounds Property and to work closely with the County, City, Agency and SCFA to cultivate the highest and best use of the Fairgrounds Property.
5. In recognition of the County, and City’s continued commitment for the revitalization of the Fairgrounds, on March 10, 2009, the parties terminated the 2003 MOU and executed a new MOU which clarifies additional responsibilities specific to the County and City on this Project.
6. The Parties now desire to amend and restate the March 10, 2009 MOU (“2009 MOU”) to articulate the role of the Vallejo Redevelopment Agency and to clarify certain roles and responsibilities among all the parties.



Agreement

The Parties agree as follows:

1.

2.1. Term. The term of this MOU shall be five (5) years from the date of its execution or superseded by a revised MOU or Revenue Sharing Agreement, whichever occurs first.

2. Role of Redevelopment Agency. The Redevelopment Agency is added as a party to this MOU due to the fact that the parties acknowledge that development of the Project may entail redevelopment financing, either through the Flosden Acres Urban Renewal Plan or, if detached from the Flosden Acres Urban Plan, any successor plan area. It is expressly understood and agreed to by all parties that the Agency shall not look to the Project or any future revenue generated from the Project to satisfy any existing obligations of the Agency and further that the Agency has not and will not pledge, spend or incur indebtedness using any future tax increments generated from the Project except as agreed to by the County. ~~The Agency further agrees to indemnify and hold the County, its officers, employees and agents harmless from any claims, damages and liability arising from the [previous?] obligations of the Agency unless otherwise agreed to by all Parties.~~

3. Reversionary Interest.

A. The County executed and recorded a quit claim deed transferring back to the City the Reversionary Interest (i.e., all interests described in the Quitclaim Deed (Document No) dated July 9, 2003 and further described as follows:

“Any and all reversionary interest, rights of reentry and/or powers of termination identified in the deed to the County of Solano dated January 16, 1947, recorded in Book 387, Page 108 of the Official Records of the County of Solano subject to the Memorandum of Understanding entered into by and between the County of Solano, City of Vallejo, and the Solano County Fair Association on July 11, 2003.”)

B. Upon certification of the EIR, the City’s approval of a General Plan Amendment and applicable zoning changes, and the expiration of all appeal periods, the City shall quitclaim all Reversionary Interests related to the Project to County. In the event that no building permit is issued for any portion of the Project within 15 years of the date of recordation of the Quit Claim Deed, the County shall grant deed to the City the Reversionary Interest previously conveyed. This clause shall survive the termination of this Amended and Restated MOU.

C. County shall defend, indemnify and hold City and Agency harmless in any claim, complaint or cause of action brought by any person or entity regarding the transferability or enforceability of the Reversionary Interest.

4. Development of Project Vision. The Parties agree that the Solano 360 Vision Report, adopted by the Board of Supervisors and the City Council on June 9, 2009 constitutes the Project Vision that was the subject of the 2009 MOU. The Project Vision includes, but is not limited to, office, retail, entertainment, mixed-use, residential and other related uses that support operationally and financially the renovation of the Fairgrounds. Implementation of

the Project Vision is the subject of this Amended and Restated MOU.

5. Oversight Committees. The parties agree to establish regular meetings of the respective Fairground Ad Hoc Committees during the implementation of the Project Vision and as needed through the entitlement phase of the Project. This oversight committee, which has been named the Solano 360 Committee, is comprised of two members from the Board of Supervisors and the Mayor and two members from the City Council, who are also members of the Agency and who will represent both the City and Agency, and will continue to provide policy direction throughout the Project and to report back to their respective governing bodies. All such meetings of the Solano 360 Committee will be held in accordance with the Brown Act.
6. Entitlement Process. The parties agree to work cooperatively to prepare an entitlement processing plan that outlines the relationship and allocates responsibility with respect to processing all required permits, approvals and entitlements for the Project based on the following:
  - a. The County will serve as the lead agency for the required environmental review for the Project pursuant the California Environmental Quality Act ("CEQA"). The City of Vallejo and the Vallejo Redevelopment Agency will be responsible agencies under CEQA.
  - b. The Project Vision will serve as the basis to move forward with the completion of a specific plan and for the development of the Project Description for purposes of beginning the environmental review. The Project Description will be prepared by the environmental consultant hired by the County as Lead Agency in consultation with the City.
  - c. The area designated as the "Fair of the Future" Zone ("FoFZ") and ~~Public Entertainment Zone ("PEZ"), excluding those areas in the PEZ to be developed as private mixed-use and Public Entertainment Zone ("PEZ")~~ in the Project Vision ~~unless the County takes the lead in the development in the PEZ on behalf of SCFA [for a public purpose use],~~ or as may be determined upon during the environmental review, is designated as "public purposes" and those areas outside of the FoFZ and ~~PEZ~~ are designated as "private purposes." The parties acknowledge that the specific areas will be further refined during the specific plan entitlement process.
  - d. All areas developed for "private purposes" will follow the expedited city planning/zoning process defined in Exhibit A to this MOU.
  - e. All areas developed solely for "public purposes" will be exempt from the City's Planning/Building process except that within 90 days of completion of County's CEQA process including the adoption of any CEQA determination or document pursuant to subdivision (a) the County will present the project to the City of Vallejo's Planning Commission and/or City Council to seek a finding of consistency with the City of Vallejo's General Plan pursuant to Gov. Code section 65402.

- f. Any needed redevelopment plan amendment or other redevelopment action required to implement the project will be presented to the Agency for a finding of consistency with the redevelopment plan or any other necessary action and findings.

7. Financial Contribution and Future Revenue Participation. In anticipation of the cost associated with the Project, the parties agree as follows:

- a. Following the execution of this MOU the County will file an application for City entitlement processing, which shall include a Specific Plan adoption, a General Plan Amendment and Zoning change, as described in Exhibit A. The County will reimburse the City for the cost of a project planner in exchange for an expedited process as pertains to the processing and permitting of the non-fair elements of the Project. County will pay City actual costs in an amount not to exceed \$10,000 per month for planning, permit processing, legal, and other City review resources necessary for Project approval. County and City will establish a cap on planning, permit processing and other City fees as a component of a future agreement.
- b. The parties agree that each Party will be reimbursed any previously approved non-reimbursed direct costs and expenses incurred with respect to the planning, entitlement and development of the Project once the Project begins to generate revenue and prior to any distribution of proceeds as set forth in subsection (c) below. Reimbursement will include compensating each party any non-reimbursed direct Project costs ("Direct Costs") plus a return on those Direct Costs in the amount of twelve percent (12%) per annum. In order to be reimbursed as a Direct Cost, City or Agency must have received approval from the County. Indirect costs for staff time shall be considered for reimbursement without interest to the extent those costs were not reimbursed from other sources. Project revenues will be used to reimburse all party's Direct and Indirect Costs on an equitable basis in proportion to each party's contribution of Direct and Indirect Costs for the Project.
- c. Any revenue generated from the private purposes of the Project, as listed in Exhibit B, will be equitably distributed to the parties and memorialized through the execution of a Revenue Sharing Agreement.

The parties have entered into this Amended and Restated MOU on the date first written above.

COUNTY OF SOLANO

CITY OF VALLEJO;  
VALLEJO REDEVELOPMENT AGENCY

By \_\_\_\_\_  
Michael D. Johnson  
County Administrator

By \_\_\_\_\_  
Robert F.D. Adams  
Interim City Manager for City of Vallejo  
Interim Executive Director for RDA

APPROVED AS TO FORM

By \_\_\_\_\_  
County Counsel

By \_\_\_\_\_  
Frederick G. Soley  
City Attorney; Agency Counsel

## Exhibit A - Expedited Entitlement Process

Recognizing the need for adaptation as the Project proceeds, the following represents the expedited processing of the entitlements for the Project, in accordance with the timeline, attached as Exhibit A-1:

1. County hires consultant to draft Specific Plan
  - a. Preliminary Contents include:
    - i. Introduction
      1. Implements the Vision Report
      2. Ownership and Development Program
    - ii. Land Use
      1. Definition of Uses
        - a. Refine public vs. private purposes?
      2. Program for Each Area
    - iii. Urban Design Guidelines
      1. Architectural Design Guidelines and Standards
      2. Site Furnishings
      3. Landscaping
      4. Signage
    - iv. Transportation
      1. Roadway Configurations
      2. Bicycle and Pedestrians
      3. Transit
    - v. Utilities
      1. Water
      2. Sanitary Sewer
      3. Storm Drainage
      4. Electrical/Gas
    - vi. Other Services
      1. Public Safety
    - vii. Implementation
      1. Phasing
      2. Revised Economic Feasibility/Fiscal Impact Analysis
      3. Financing
      4. Site Development
2. City hires dedicated Contract Planner
3. County engages EIR consultant and prepares Initial Study
4. County makes application for approval of Specific Plan, General Plan Amendment/Zoning Changes and prepares Notice of Preparation (“NOP”) of EIR
5. Parties establish regularly scheduled project meetings between County, COV and project planning team.

## Exhibit B Potential Revenue Sources

The parties acknowledge that the Project is not feasible without revenue participation from all parties. To that end, the following revenues were identified as part of the financial modeling of the Project Vision as potentially available to assist in the Project financing and the parties agree to negotiate in good faith as to the specific amounts that will be applied towards the implementation of the Project.

1. New Tax Increment
2. Transient Occupancy Taxes (hotels)
3. Sales tax
4. Ground Leases
  - a. Traditional ground lease rates
  - b. Participatory structure
5. Parking Revenue
6. Reinvestment of existing Pass-through Agreements