



MEMORANDUM

TO: Birgitta Corsello, Solano County Administrator
Daniel Keen, Vallejo City Manager
Michael Paluszak, Solano County Fairgrounds General Manager

FROM: Tom Sinclair, Municipal Resource Group

DATE: March 14, 2012

SUBJECT: Solano360 Fairgrounds Redevelopment Project Status Report

This Memorandum provides an update on the status of the Solano360 Project.

Solano360 Committee Meetings

As the parties to the Solano360 Memorandum of Understanding are aware, the financing for the future development of the Solano Fairgrounds will require a combination of public and private funding sources. One of the potential funding sources was the Vallejo Flosden Acres redevelopment project area tax increment revenue. In fact, the Redevelopment Agency was added to the Memorandum of Understanding to recognize this potential source of funding.

Redevelopment agencies were dissolved by the State, effective February 1, 2012. Prior to the dissolution of redevelopment agencies, County, City and Fair staff and the project consultants had been developing financing strategies that included redevelopment agency tax increment financing. Importantly, the Vallejo Redevelopment Agency's Owner Participation Agreement with Six Flags Discovery Kingdom providing partial funding for replacement parking was being considered. The legislation that dissolved redevelopment agencies established a procedure to consider previously approved agreements, such as the one with Six Flags Discovery Kingdom. An 'oversight board' created by the legislation will make a determination on this agreement and other redevelopment agency agreements. The oversight board consists of representatives appointed by the County, City, special districts and schools. The oversight board's decision is due in April 2012, and is subject to review by the State Department of Finance.

The County has suspended work on a financing plan for the Solano360 project until a decision is made by the oversight board. In addition, the Solano360 Committee meetings schedule for March and May are being cancelled. Future Solano360 Committee meetings will be scheduled once the oversight board's work has been completed.

A copy of the meeting cancellation notice is attached to this Memorandum. It will be distributed to the public on March 16.

Specific Plan and Public Facilities Financing Plan

During this pause regarding redevelopment financing, staff and consultants are refining the private land use concepts, proposed Fair improvements, on-site infrastructure requirements and cost estimates toward the goals of an affordable financeable plan, consistent with the project Vision adopted by the parties to the Memorandum of Understanding. A draft Specific Plan and draft Public Facilities Financing Plan will provide proposed strategies to achieve these goals once the redevelopment financing issues are resolved.

MARCH 16, 2012

**NOTICE OF CANCELLATION
SOLANO360 COMMITTEE MEETINGS**

Notice of Cancellation of Solano360 Committee Meetings

The Solano360 Committee calendar of events has been suspended until a determination can be made regarding the impact to the project by the statewide dissolution of redevelopment agencies. Specifically, the Solano360 Committee meetings previously scheduled for March 22, 2012 and May 24, 2012 have been cancelled.

The Solano360 Committee will reassess the project timetable for the delivery of the draft Solano360 Specific Plan and the draft Public Facilities Financing Plan after the Vallejo Redevelopment Agency (RDA) Oversight Board takes action on the use of revenues formerly received by the Vallejo RDA, anticipated to occur in April 2012, at the earliest.

Background

Solano County, the City of Vallejo, the Vallejo RDA and the Solano County Fair Association (SCFA) have been working cooperatively through a joint Solano360 Committee to develop a Solano360 Specific Plan for the redevelopment of the Solano Fairgrounds in Vallejo. It is envisioned that the Fairgrounds site will be planned as a unique destination for visitors, with a mix of complementary entertainment retail uses and a Fair of the Future. Currently, the SCFA conducts the annual County Fair and provides year-round activities at the aging facilities on the 149-acre Fairgrounds site. The existing use of the site includes 29 acres for the County Fair and year-round activities, 28 acres for a nine-hole golf course, a satellite wagering facility and approximately 32 acres of parking lots. It is estimated that 60 acres of the existing site are under-utilized areas. A Specific Plan and a Public Facilities Financing Plan will serve as the planning and financing documents that guide future development of the Fairgrounds site.

Dissolution of Redevelopment Agencies; Impact on the Solano360 Project

A variety of private and public funding sources will be necessary to support the future Fairgrounds project. The California Supreme Court's decision on December 29, 2011 to uphold Assembly Bill X1 26, abolishing redevelopment agencies effective February 1, 2012, will impact the way in which future property taxes will be allocated among public agencies. The Solano Fairgrounds is located within the Vallejo RDA's "Flosden Acres" project area, and a portion of property taxes that would have been distributed to the Vallejo RDA will, in the future, be redistributed to other public agencies that provide services in the project area (including the City, County, School District and other agencies). The original Solano360 project financing strategy included consideration of revenue sharing to support the project, such as sales tax revenues and Vallejo RDA property tax increments. The addition of the Vallejo RDA as a Solano360 project partner in February of 2010 was predicated on the ability to use Vallejo RDA tax increment financing from the Flosden Acres project area for infrastructure and site improvements associated with the Solano360 project. The dissolution of redevelopment agencies will impact, in part, the way in which the County, City and Fair Association consider how the Solano360 project will be funded in the future. As a consequence, the Solano360 Committee will have to examine additional existing revenue options and potential economic revitalization options currently being explored by the State Legislature.

In addition, the Vallejo RDA entered into an Owner Participation Agreement (OPA) with Park Management Corp (Six Flags Discovery Kingdom) in 2005, agreeing to reimburse a portion of costs that may be incurred by Six Flags Discovery Kingdom as a result of any anticipated loss of overflow parking on the Fairgrounds site. Assembly Bill X1 26 establishes a procedure and a timeline for confirming that these types of pre-existing redevelopment agency obligations are indeed ongoing obligations to be paid from redevelopment agency revenues.

The Vallejo RDA Oversight Board, created by the State legislation, is expected to consider confirmation of this OPA obligation and other pre-existing redevelopment agency obligations by April 15, 2012. The California Department of Finance must review the actions of the Oversight Board prior to implementation. As such, it could be early summer before it is known if redevelopment tax increment financing will be available to partially fund the Solano360 project. Additionally, the outcome of other revenue options to be considered by the State Legislature may not be known until later than this summer.

Because of the significance of the way in which future property taxes will be allocated, and the Oversight Board's pending consideration of the Vallejo RDA's OPA obligation to Six Flags Discovery Kingdom, a draft Specific Plan and draft Public Facilities Financing Plan for the Solano360 project cannot be completed at this time. Once the determination by the Oversight Board has been made, and the County has had the opportunity to assess the impact of the redistribution of the property taxes in the Flosden Acres redevelopment project area, the County will complete the draft Specific Plan and draft Public Facilities Financing Plan for consideration by the Solano360 Committee.

Solano County will provide additional notification to interested parties regarding Solano360 Committee meetings as they are scheduled in the future.