

Ontario Redevelopment Agency

Administration

Project Area 1

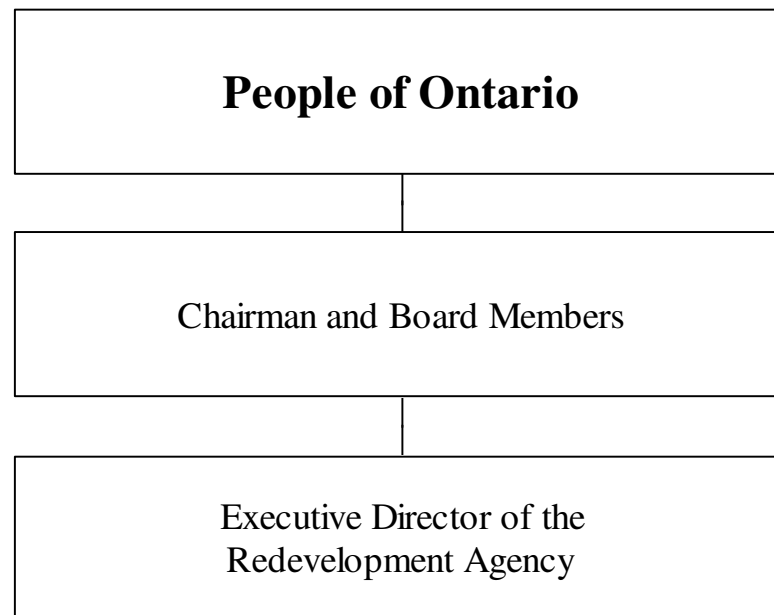
Project Area 2

Center City Project Area

Cimarron Project Area

Guasti Project Area

2006-07 Organizational Chart
Ontario Redevelopment Agency
Effective July 1, 2006



Ontario Redevelopment Agency

Fiscal Year 2006-07 Budget Overview

I. Introduction

The Ontario Redevelopment Agency (Agency) is a separate legal entity governed by California Redevelopment Law. The Agency was activated on November 16, 1971, by City of Ontario Ordinance No. 1771. The Ontario Redevelopment Agency oversees five project areas: Project Area No. 1, Project Area No. 2, Center City Project Area, Cimarron Project Area, and Guasti Project Area. The Redevelopment Agency budget contains revenue and expenditure projections associated with the Redevelopment Agency Administrative Fund, Low & Moderate Income Housing Funds, Debt Service Funds, and Redevelopment Capital Projects Funds for each of the five project areas.

The Redevelopment Agency funds its activities primarily through “tax increment financing.” After an area is designated as a redevelopment project area, the portion of property taxes attributable to any subsequent increases in property valuation (tax increment) becomes potential revenue to the Redevelopment Agency. Depending on the particular Project Area, certain amounts of the tax increment are “passed through” to other taxing agencies for their use. In accordance with State law, the Agency deposits 80% of the tax increment revenue it receives into a Debt Service Fund and 20% into a Low/Moderate Income Housing fund. Monies deposited into the Low/Moderate Income Housing fund may be used only for low/moderate housing activities.

The Debt Service Fund is used to pay Agency debt. In order to provide for redevelopment projects, the Agency may issue bonds or enter into other types of debt obligations using tax increment revenue as the basis for repayment of the debt. As part of each specific project financing process, the proceeds are designated for the bond issue, etc. for various projects, and, when received, are deposited into a redevelopment project debt service fund.

II. Staffing

Ontario Redevelopment Agency is staffed by the City of Ontario’s Redevelopment Department. Six full-time employees are dedicated to directly administering and managing the Redevelopment Agency. 22 employees are dedicated to Housing activities. The Agency continues to utilize City employees in City Administration and Planning, as well as outside consultants when it is economically prudent to provide project design, technical and project management services. The Adopted Operating Budget for 2006-07 includes a payment of **\$3,033,808** to the City’s General Fund for such services as City Administration, Human Resources, Finance, and Budget.

III. Financial Overview

The Redevelopment Agency's estimated sources of funds for Fiscal Year 2006-07 principally consists of bond proceeds, tax increment, interest income, transfers, and fund balance. Total estimated revenues for Fiscal Year 2006-07 are **\$48,557,892**. Total Fiscal Year 2006-07 Redevelopment Agency appropriations are **\$52,484,905**.

IV. Key Financial Issues

The following are significant issues regarding the financial condition of the Ontario Redevelopment Agency:

- The 2005-06 assessed valuation for Project Area No. 1 has continued to increase at steady rate: an average increase of 7.3% since Fiscal Year 2000-01.
- Project Area No. 2 assessed valuation for Fiscal Year 2005-06 experienced a substantial gain of 27%. For the previous five years, Project Area No. 2 has shown considerable growth in assessed valuation – an average of approximately 22%.
- The assessed valuation for the Center City Project Area reported a strong increase of 14.3% for Fiscal Year 2005-06. Center City has averaged 10.7% over the last five years in its growth in assessed valuation.
- For Fiscal Year 2005-06, the Cimarron Project Area reflected a significant growth of approximately 17.6% in assessed valuations. Cimarron Project Area has reported an average annual increase of almost 11% for the last five years.
- The assessed valuation for Guasti Project Area for Fiscal Year 2005-06 has reported a substantial increase of more than three times the previous year's assessed valuation. Guasti's assessed valuation has experienced a significant increase of approximately 50% since Fiscal Year 2002-03.

V. Low and Moderate Income Housing Fund

The Low and Moderate Income Housing Fund is an important funding source for a variety of programs covered in the City of Ontario's Five Year Consolidated Plan. This Plan is designed to bring needs and resources together in a coordinated housing and neighborhood improvement strategy, which includes the following programs:

A. Housing Revitalization Program

The Agency finished the completion of the Ontario CARES exterior beautification program in the Anthony Munoz Focus Neighborhood and the Berlyn School Focus Neighborhood (completed painting and landscaping on 13 units), and continued implementing the Ontario CARES Program within the Lincoln Focus Neighborhood and Mission Focus Neighborhood (completed painting and landscaping on approximately 236 units). For FY 2006-07, it is estimated that a total of 250-300 houses will be completed in the new focus neighborhoods and approximately \$2,249,000 will be expended to complete these exterior grants.

B. Housing Development

- Acquired 9 properties with a total value of \$5.9 million and started negotiations to acquire 4 additional properties (Ontario Town Center).
- Negotiated and executed a Disposition and Development Agreement with Ontario Town Center, LLC for the Ontario Town Center Project. This DDA will allow Ontario Town Center, LLC to construct 516 housing units (216 for-sale market rate condominiums, 160 moderate-income rental units, and 140 for-sale market rate town homes), approximately 80,000 sq. ft. of retail, and a 2.5-acre community plaza.
- Completed the demolition work on 16 properties (Ontario Town Center).
- Coordinated efforts with Cooperative Services, Inc. to submit an application for HUD Section 202 funds for the construction of the Ontario Senior Housing – Phase II, located at 1433 East D Street. This project was awarded \$5,999,800 in HUD Section 202 funds during FY 2005-2006 and will assist in the construction of 48 affordable senior housing units.
- Began construction of 20 affordable senior housing units with Simpson Housing Solutions, located at 1045 West G Street (Mountain View Senior Apartments – Phase II).
- Negotiated and executed a Disposition and Rehabilitation Agreement with Pacifica Companies LLC for the Whispering Winds Apartments. This Agreement resulted in the rehabilitation and conversion from the rental housing into market rate for-sale condominiums. The net revenue generated from implementing this Agreement for the Agency was \$6,085,055.

- Negotiated and executed a Disposition and Rehabilitation Agreement with J.H. Real Estate Partners, Inc. for the Parc Vista and Terrace View Apartments. This project provided for the rehabilitation of 153 current affordable housing units and an additional 48 moderate-income units at the Casitas Apartments. The net revenue generated from implementing this Agreement for the Agency was \$2,578,285.
- Issued \$13 million in Multi-Family Housing Bonds to finance the acquisition and rehabilitation of the Parc Vista and Terrace View Apartments. Repayment of the bonds will be paid by proceeds from the property. Neither the City nor the Authority will have any liability for payment of the bonds.
- Issued \$23.5 million in Multi-Family Housing Revenue Refunding Bonds for Park Centre Apartments due to expiring credit enhancement and change in ownership. The Housing Agency negotiated for the next 55 years, 101 affordable housing units at this complex will remain affordable for low and moderate-income households. Repayment of the bonds will be paid by proceeds from the property. Neither the City nor the Authority will have any liability for payment of the bonds.
- Submitted an application for the Workforce Housing Program in the amount of \$43,300. This program provides grant funding to eligible cities that have created very low and low-income housing units.
- Approved the transfer of Cambridge Square Townhomes, Waterford Court, Waverly Place Townhomes, and Woodside Senior II and II Apartments from IBK Ontario, LP to ML Casa III, LP
- Acquired 814 S. Greenwood for the permanent homeless intake center for the Mercy House Homeless Continuum of Care Program and started concept design.
- Negotiated three leases with Mercy House for the Virginia Apartments, Parkside Apartments, and an office at the Ideal Mobile Home Park to implement the Mercy House Homeless Continuum of Care Program.
- Completed the rehabilitation of the office at the Ideal Mobile Home Park that will serve as a temporary intake center for the Mercy House Homeless Continuum of Care Program and entered lease agreement.
- Completed the construction of a 5-bedroom, single-family house at 916 Taylor Avenue, which was a property acquired by the Ontario Redevelopment Agency through a tax-default sale. The house was sold to a qualified low-income household.

VI. Redevelopment Capital Project and Debt Service Funds

The Redevelopment Capital Project Funds section of the budget has been prepared for each individual project area. Capital funds must be accounted for and expended either: (1) totally within the project area or (2) in a manner in which is found by the Agency to be a benefit to the particular project area. Highlights of project area activities are as follows:

A. Project Area No. 1

1. Capital Project Fund

Project Area No. 1 was established on July 18, 1978 as the Agency's initial project area. Since then, the project area has been amended six (6) times to include approximately 3,537 acres of commercial and industrial land. Located on the City's eastern side, Project Area No. 1 is considered one of Ontario's greatest financial resources. Highlighted projects in the Adopted Budget for Fiscal Year 2006-07 include the following:

- **\$964,000** Allegiance Health Care (formerly Baxter) sales tax rebate reimbursement to the City
- **\$275,938** Police/Fire Facility lease payment reimbursement to the City

2. Debt Service Fund

For Fiscal Year 2006-07, tax increment revenues will be sufficient to meet all upcoming current debt obligations. Included in the Adopted 2006-07 Budget are debt service payments for outstanding Tax Allocation Bonds, City of Ontario note payable, the refinance of the Toyota Motor Sales USA long-term note, interest payment to the City on outstanding sales tax reimbursement note, and all required pass-through payments. Project Area No. 1 tax increment continued to rise reflecting the increase in assessed valuation resulting from Ontario Mills and the surrounding areas.

- **\$2,420,000** 1992 CAB's Refunding Bond debt service payment
- **\$5,575,827** 1993 Revenue Bond debt service payment
- **\$493,037** 1995 Revenue Bond debt service payment
- **\$945,100** 2002 Revenue Bond debt service payment
- **\$1,668,974** Library and Soccer Sports Field Complex reimbursement agreement
- **\$3,833,224** Note payments to City

B. Project Area No. 2**1. Capital Project Fund**

Project Area No. 2 was originally established on October 5, 1982 and consisted of 17 non-contiguous areas that are mostly developed and primarily residential. In December 1994, the project area was amended to include commercial property along Mountain Avenue from the I-10 freeway to Holt Boulevard and along Holt Boulevard from Mountain Avenue to the westerly City limits. Included in the Adopted Budget for Fiscal Year 2006-07 are the following projects:

- **\$1,600,000** Mountain Village public improvements to include construction of a new public street approximately 325 feet west of Mountain Avenue along with curbs and gutters, sidewalks, landscaping, traffic signals, street lighting, and striping.
- **\$175,000** Tenant relocation and site clearance costs at 1437 North Mountain Avenue.

2. Debt Service Fund

For Fiscal Year 2006-07, tax increment revenues will be sufficient to meet all upcoming current debt obligations. Included in the Adopted Budget for Fiscal Year 2006-07 is the repayment of the City of Ontario note payable, note to the City regarding the acquisition of 215 East C Street and surrounding areas for the completed City Library project, and all required pass-through payments.

- **\$969,572** Note payments to the City

C. Center City Project Area**1. Capital Project Fund**

Center City Project Area was originally established November 1, 1983 and includes the area in Downtown Ontario. In July 1986, Center City was amended to include additional areas along Holt Boulevard east of Campus Avenue ending near the LA-Ontario International Airport. Included in the Adopted Budget for 2006-07 are the following:

- **\$ 70,688** Public street improvements on East Holt Boulevard between 326 East Holt Boulevard and the most easterly edge of Cherry Avenue. Improvements include pavement, curb, gutter, sidewalk, street lighting, utilities, traffic striping, and signing.

2. Debt Service Fund

For Fiscal Year 2006-07, tax increment revenues will be adequate to meet all upcoming current debt obligations. Included in the Adopted Budget for 2006-07 are debt service payments for outstanding Tax Allocation Bonds, repayment of the outstanding City of Ontario note payable, and all required pass-through payments.

- **\$380,000** 1992 CAB's Refunding Bond debt service payment
- **\$343,614** 2002 Revenue Bond debt service payment
- **\$714,046** Note payments to City

D. Cimarron Project Area

1. Capital Project Fund

Cimarron Project Area was originally established October 8, 1980 and includes nine non-contiguous areas. Redevelopment continues to support the effort of Housing in providing safe and sanitary housing for persons of low and moderate income in the Cimarron Project Area during the Fiscal Year 2006-07.

- **\$100,000** Consulting services for adoption of Amendment No. 1

2. Debt Service Fund

For Fiscal Year 2006-07, tax increment revenues will be sufficient to meet all upcoming debt obligations. Included in the Adopted Budget for 2006-07 are debt service payments for outstanding Tax Allocation Bonds, the repayment of the outstanding City of Ontario note payable and all required pass-through payments.

- **\$220,000** 1992 CAB's Refunding Bond debt service payment
- **\$69,480** 2002 Revenue Bond debt service payment
- **\$431,645** Note payments to City
- **\$415,051** Low-Mod Housing obligation for Center City project area

E. Guasti Project Area**1. Capital Project Fund**

Guasti Project Area was originally established July 17, 2001 and comprises 19 contiguous parcels on approximately 180 acres between the I-10 Freeway and the LA-Ontario International Airport. Redevelopment continues to support the effort of facilitating the rehabilitation of existing buildings and the development of new uses in the Guasti Project Area during the Fiscal Year 2006-07.

2. Debt Service Fund

For Fiscal Year 2006-07, tax increment revenues will be sufficient to meet all upcoming debt obligations. Included in the Adopted Budget for 2006-07 are debt service payments for the repayment of the outstanding City of Ontario note payable and all required pass-through payments.

- **\$19,234** Note payments to City

RESOLUTION NO. ORA-750

**A RESOLUTION OF THE ONTARIO REDEVELOPMENT AGENCY ADOPTING
A BUDGET FOR SAID AGENCY FOR THE FISCAL YEAR 2006-07**

WHEREAS, the Capital Project Fund group consists of the Redevelopment Agency, Project Area No. 1, Project Area No. 2, Center City Project Area, Cimarron Project Area, Guasti Project Area, and Housing Set Aside Funds;

WHEREAS, the Debt Service Fund group consists of the Project Area No. 1, Project Area No. 2, Center City Project Area, Cimarron Project Area, and Guasti Project Area Funds;

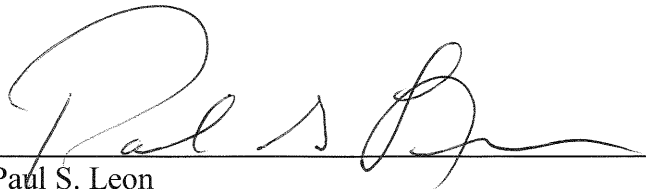
WHEREAS, the Agency hereby determines, in accordance with Section 33334.3(d) of the California Redevelopment Law, that the planning and administrative expenses provided in the Budget to be made from the Low and Moderate Income Housing Fund are necessary for the production, improvement, or preservation of low-and-moderate income housing;

NOW, THEREFORE, be it resolved, determined, and ordered by the Redevelopment Agency of the City of Ontario that, the Redevelopment Agency's Operating Budget for the Fiscal Year 2006-07, submitted by the Executive Director to the Redevelopment Agency, is herewith adopted for the Redevelopment Agency of the City of Ontario for the Fiscal Year 2006-07.

NOW, THEREFORE, be it also resolved, that the 2006-07 Operating Budget Appropriations are as follows:

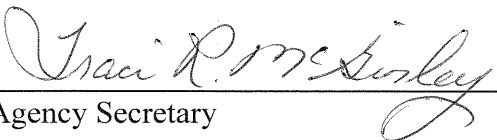
Capital Projects Funds	\$30,557,071
Debt Service Funds	<u>21,927,834</u>
Total Operating Budget	<u>\$52,484,905</u>

APPROVED AND ADOPTED this 27th day of June, 2006.



Paul S. Leon
Chairman, Ontario Redevelopment Agency

ATTEST:



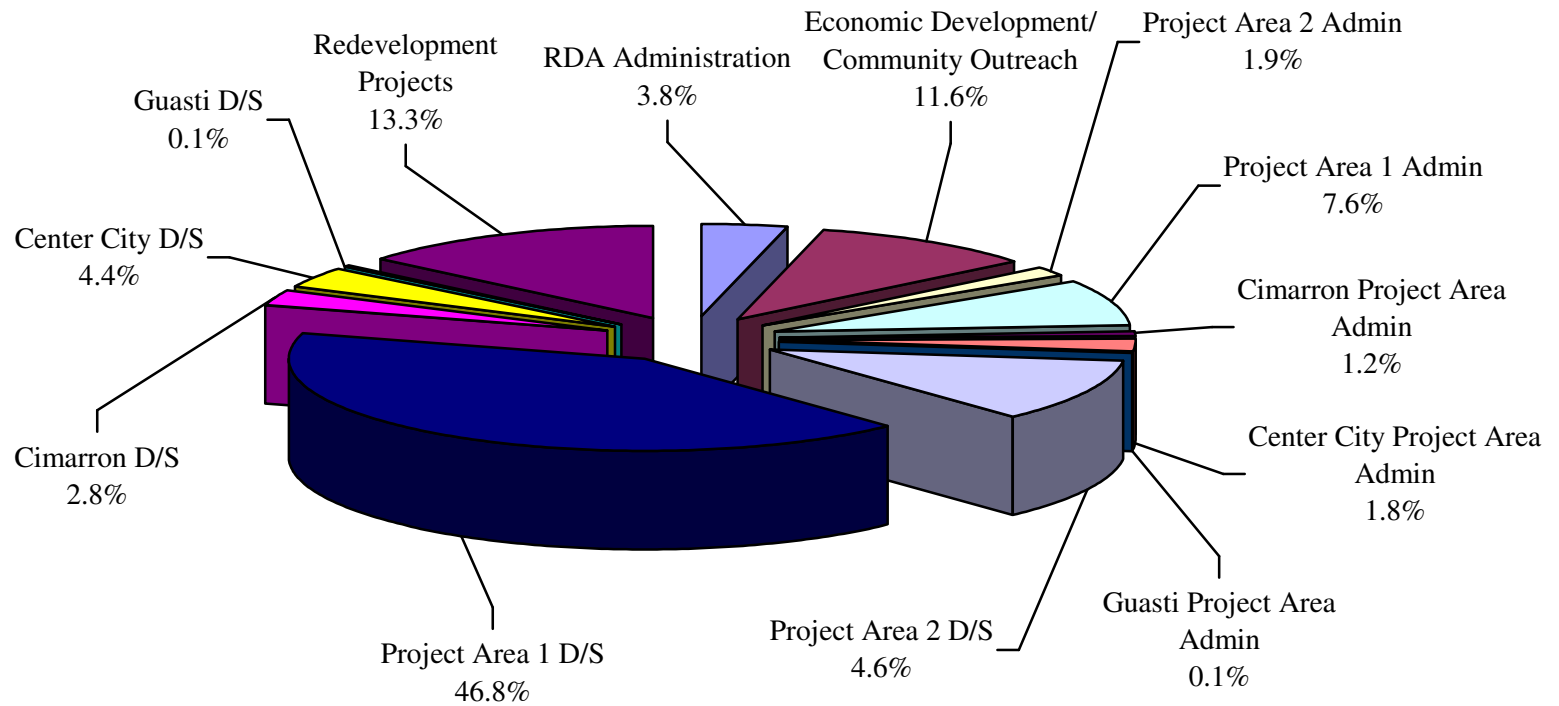
Agency Secretary

Ontario Redevelopment Agency

Total Funds: \$37,333,450

General Fund: \$2,511,054

Other Funds: \$34,822,396



AGENCY SUMMARY FOR FISCAL YEAR 2006-07

Redevelopment

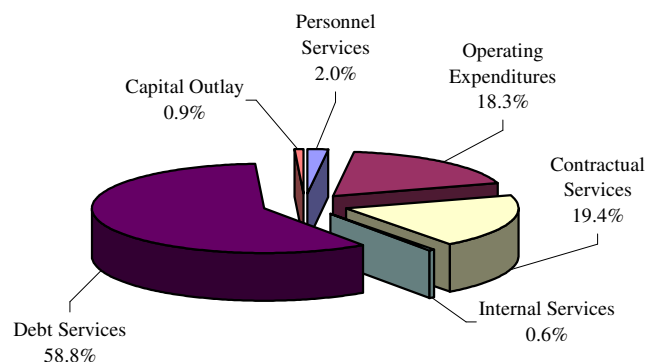
Agency is comprised of the Redevelopment Administration, and the five Redevelopment project areas: Project Area No. 1, Project Area No. 2, Center City, Cimarron, and Guasti.

Service Objective:

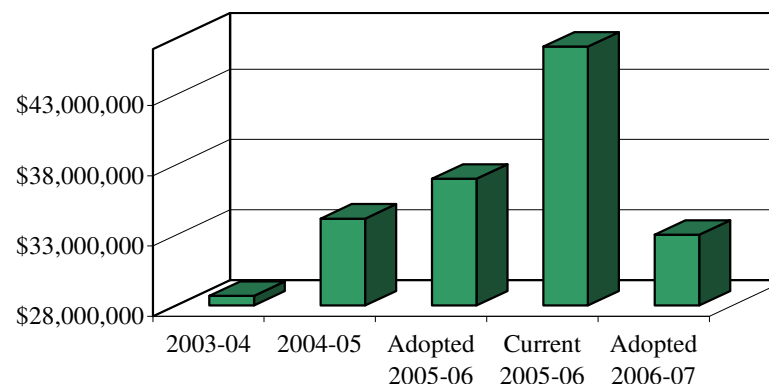
To eliminate blight from a designated area and achieve desired development, reconstruction and rehabilitation. To manage the Agency for the purpose of eliminating blighting influences and returning land to productive use through coordination of programs.

Adopted Budget Expenditures

\$33,023,239



Expenditures



Budget

<u>Expenditures Category</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>Adopted FY 2005-06</u>	<u>Current FY 2005-06</u>	<u>Adopted FY 2006-07</u>	<u>% Change to Adopted 05-06</u>
Personnel Services	\$ 521,854	\$ 582,930	\$ 664,402	\$ 678,902	\$ 665,846	0.2%
Operating Expenditures	\$ 7,348,625	\$ 9,877,889	\$ 8,981,422	\$ 11,756,275	\$ 6,059,527	-32.5%
Contractual Services	\$ 1,498,442	\$ 6,444,117	\$ 7,497,077	\$ 12,001,650	\$ 6,402,316	-14.6%
Internal Services	\$ 157,772	\$ 118,177	\$ 165,979	\$ 166,479	\$ 191,859	15.6%
Debt Services	\$ 19,158,363	\$ 17,153,746	\$ 19,416,616	\$ 21,521,124	\$ 19,418,691	0.0%
Capital Outlay	\$ 1,536	\$ -	\$ 285,000	\$ 285,000	\$ 285,000	0.0%
Total Expenditures	\$ 28,686,593	\$ 34,176,859	\$ 37,010,496	\$ 46,409,430	\$ 33,023,239	-10.8%
Annual Percentage Change		19.1%	8.3%	25.4%	-28.8%	
Annual Amount Change		\$ 5,490,266	\$ 2,833,638	\$ 9,398,934	\$ (13,386,191)	

Historical data may reflect fluctuations due to organizational restructuring.

Redevelopment 2006-07 Department Summary

Department Title (Department ID)	Detail Book Page Number	2003-04 Actual	2004-05 Actual	2005-06 Adopted Budget	2005-06 Current Budget	2006-07 Adopted Budget	% Change to Adopted Budget 2005-06
RDA Administration (164)	370	\$ 1,329,528	\$ 1,501,879	\$ 1,622,918	\$ 1,689,573	\$ 1,417,749	-12.6%
Project Area 2 Administration (167)	373	379,616	470,258	686,839	2,939,781	707,873	3.1%
Project Area 1 Administration (169)	374	5,836,205	2,900,875	3,322,126	5,826,259	2,844,579	-14.4%
Cimarron Project Area Admin (170)	376	57,392	71,964	284,070	284,070	450,823	58.7%
Project Area 2 Debt Service (172)	377	1,670,434	3,268,230	4,590,372	4,444,493	1,708,510	-62.8%
Center City Project Debt Svc (173)	378	907,331	916,119	1,512,838	1,512,838	1,652,449	9.2%
Project Area 1 Debt Service (174)	379	16,053,538	16,785,387	17,091,460	17,674,710	17,468,861	2.2%
Cimarron Project Area Debt Svc (175)	381	844,604	979,002	1,149,819	1,149,819	1,052,413	-8.5%
Center City Project Admin (202)	382	782,129	1,215,983	925,964	1,088,467	681,304	-26.4%
Guasti Project Debt Service (257)	384	10,571	7,702	19,682	19,682	45,601	131.7%
Guasti Project Administration (260)	385	707	1,999	19,289	19,289	20,422	5.9%
Redevelopment Projects (311)	386	814,540	6,057,461	5,785,119	9,760,449	4,972,655	-14.0%
TOTAL REDEVELOPMENT		\$ 28,686,593	\$ 34,176,859	\$ 37,010,496	\$ 46,409,430	\$ 33,023,239	-10.8%

Historical data may reflect fluctuations due to organizational restructuring.

AGENCY SUMMARY FOR FISCAL YEAR 2006-07

Economic Development

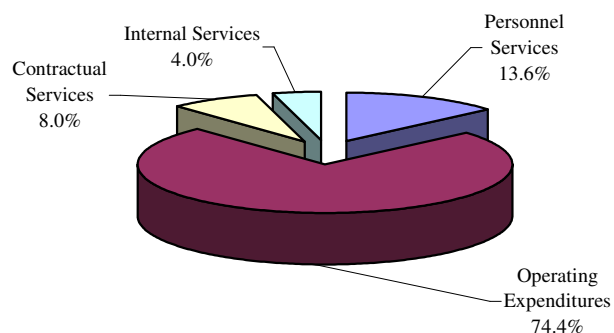
Incorporates the departments of Economic Development and Community Outreach, whose role is to attract, retain and expand businesses in the City, market the City global wide, and develop the workforce for the City.

Service Objective:

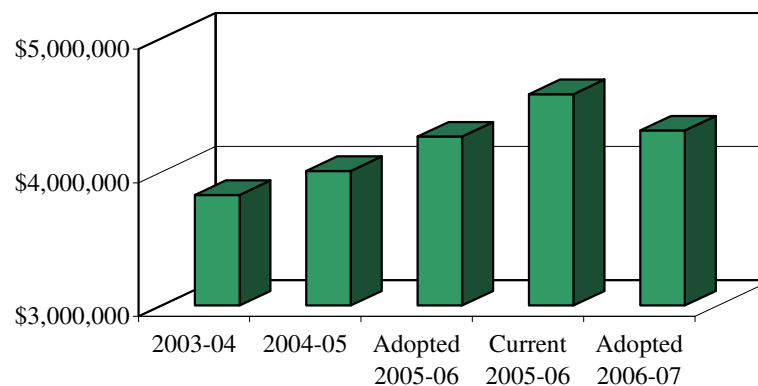
To promote business expansion through attraction and retention. To provide the greatest possible range of employment opportunities for citizens. To increase the City's revenue base and improve the quality of life for all residents.

Adopted Budget Expenditures

\$4,310,211



Expenditures



Budget

<u>Expenditures Category</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>Adopted FY 2005-06</u>	<u>Current FY 2005-06</u>	<u>Adopted FY 2006-07</u>	<u>% Change to Adopted 05-06</u>
Personnel Services	\$ 396,236	\$ 410,334	\$ 555,944	\$ 468,375	\$ 585,751	5.4%
Operating Expenditures	\$ 3,057,268	\$ 3,159,428	\$ 3,166,184	\$ 3,577,215	\$ 3,204,617	1.2%
Contractual Services	\$ 274,198	\$ 289,124	\$ 328,000	\$ 314,447	\$ 346,000	5.5%
Internal Services	\$ 99,470	\$ 148,395	\$ 214,995	\$ 214,995	\$ 173,843	-19.1%
Debt Services	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Capital Outlay	\$ -	\$ -	\$ -	\$ 7,500	\$ -	0.0%
Total Expenditures	\$ 3,827,171	\$ 4,007,280	\$ 4,265,123	\$ 4,582,532	\$ 4,310,211	1.1%
Annual Percentage Change		4.7%	6.4%	7.4%	-5.9%	
Annual Amount Change		\$ 180,109	\$ 257,843	\$ 317,409	\$ (272,321)	

Historical data may reflect fluctuations due to organizational restructuring.

Economic Development 2006-07 Department Summary

							<i>% Change to Adopted Budget 2005-06</i>
Department Title (Department ID)	Detail Book Page Number	2003-04 Actual	2004-05 Actual	2005-06 Adopted Budget	2005-06 Current Budget	2006-07 Adopted Budget	
Community Outreach (163)	364	\$ 2,636,118	\$ 2,578,974	\$ 2,705,924	\$ 2,926,208	\$ 2,417,170	-10.7%
Economic Development (165)	365	<u>1,191,054</u>	<u>1,428,306</u>	<u>1,559,199</u>	<u>1,656,324</u>	<u>1,893,041</u>	21.4%
TOTAL ECONOMIC DEVELOPMENT		<u>\$ 3,827,171</u>	<u>\$ 4,007,280</u>	<u>\$ 4,265,123</u>	<u>\$ 4,582,532</u>	<u>\$ 4,310,211</u>	1.1%

Historical data may reflect fluctuations due to organizational restructuring.