

**OWNERS, BUSINESSES AND TENANTS
PARTICIPATION
AND RE-ENTRY RULES**

Prepared For The
CALIMESA REDEVELOPMENT PROJECT NO. 2

THE CALIMESA REDEVELOPMENT AGENCY

July 2010

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1.0 PURPOSE AND INTENT

The Owners, Businesses and Tenants Participation and Re-entry Rules prepared for the Plan are promulgated to implement the provision of the California Community Redevelopment Law (the "CCRL") regarding participation by owners, businesses and tenants within the Project Area and set forth the procedures governing such participation in accordance with the Plan.

It is the intention of the Agency to afford maximum potential participation in the redevelopment of property in the Project Area to existing property owners, businesses and tenants within the boundaries of the Project Area, and to extend reasonable preferences to them to participate. Participation by individual persons and firms is permitted. In addition and to the extent feasible, two or more persons, two or more firms, institutions, or any combination thereof, are urged to participate by joining together in partnerships, corporations or other lawful joint entities.

2.0 DEFINITIONS

"Agency" means the Calimesa Redevelopment Agency.

"Business" means any person, persons, corporation, association, partnership or other entity engaged in business within the Project Area on the date of, or subsequent to, adoption of the Plan by the City Council.

"City" means the City of Calimesa, California.

"City Council" means the City Council of the City of Calimesa.

"Day" and "Days" are defined in the Government Code of the State of California.

"Director" means the Executive Director of the Agency, or his/her designee.

"Interested Party" means either an Owner, a Business, or a Tenant or all three combined.

"Owner" means any person, persons, corporation, association, partnership, or other entity holding title of record to real property in the Project Area on the date of, or subsequent to adoption of the Plan by the City Council.

"Participation Rules" means the Owners, Businesses and Tenants Participation and Re-entry Rules prepared for the Redevelopment Plan for the Calimesa Redevelopment Project No. 2.

"Participation Agreement" means an agreement entered into between the Agency and an owner of real property, persons engaged in business or a tenant doing business within the Project Area in accordance with the provisions of the Plan and the rules as designated herein.

"Project Area" means the territory within the proposed boundaries of the Calimesa Redevelopment Project No. 2.

"Redevelopment Plan" means the proposed Redevelopment Plan for the Calimesa Redevelopment Project No. 2.

"Statement of Interest", and "Statement of Interest to Participate", means Exhibit A attached hereto and incorporated herein by reference.

"Tenant" means any person, persons, corporation, association, partnership or other legal entity that rents or leases real property within the Project Area on the date of or subsequent to the City Council's adoption of the Plan by the City Council.

3.0 GENERAL PROCEDURES

These Participation Rules have been adopted by the Agency specifically to implement the provisions of the Redevelopment Plan regarding participation and the exercise of re-entry preferences for owners, businesses and tenants within the Project Area. Interested Parties who are desirous of exercising their participation rights and preferences shall abide by these Participation Rules in exercising their preferences and participation opportunities.

The Agency desires and encourages participation in the redevelopment of the Project Area by existing property Owners and Tenants as applicable and feasible in best achieving the objectives of the Redevelopment Plan. In view of the pattern of land usage and development envisioned by the Redevelopment Plan, Owners and Tenants in the Project Area are encouraged to take advantage of the participation re-entry and preference opportunities as described herein. However, participation rights are subject to and limited by factors such as the following:

- The elimination and/or modification of some existing uses.
- The realignment, abandonment and/or alteration of some streets.
- The ability of participants to finance and complete proposed redevelopment within a reasonable time pursuant to a schedule for performance with uses and improvements consistent with and in furtherance of the Redevelopment Plan.
- The capability and/or experience necessary to implement proposed development, as determined in good faith by the Agency.
- The construction and expansion of public facilities.
- Conflicts among competing proposals.
- Other factors which may be deemed appropriate by the Agency.

3.1 Criteria for Evaluating Proposals Submitted by Participants

- A. The Agency may, in its discretion, decline any offer of owner participation, resolve conflicting proposals between owners, or resolve conflicting proposals between or among owners and others interested in developing their property. Proposals submitted for particular sites and land uses will be evaluated by the Agency after consideration of the following factors:
1. Conformity of the proposal in respect to uses permitted by the Redevelopment Plan and other applicable enactments;
 2. Conformity of the proposal with the intent and objectives of the Redevelopment Plan;
 3. The degree to which the proposal furthers the objectives of the Redevelopment Plan;
 4. The increase and/or improvement in employment opportunities and economic benefits that the Agency and the community can reasonably expect to result from the implementation of the proposals;
 5. Development team qualifications will be evaluated on:

- Experience and financial capacity to undertake the project.
- Ability of the person(s) desiring to redevelop the property to implement the proposed project.
- Financial capability.
- Prior experience with similar development and degree of site control.
- Ability to obtain financing and ability to abide by Agency design standards and development controls.
- Readiness to proceed.

The Proposal will be evaluated on its projected:

1. Estimated cost of any City or Agency involvement, including the provision of City or Agency services, to be required if accepted;
2. Removal of blighting conditions within the Project Area, the upgrading of existing uses and the aesthetic improvements;
3. Economic benefits to the Agency, the City, and the community, as determined by a cost/benefit analysis, if approved and the proposed development implemented;
4. Likelihood of successful implementation;
5. Time schedule for completion of the proposed project;
6. Required Involvement and/or consensus of other Project Area tenants or owners;
7. Completeness, including land use conformity with zoning requirements, site control, financing proposal, densities, tenants and, if applicable, manufacturer or franchise approval;
8. Environmental benefits (or lesser degree of detrimental impact); and
9. Quality of design, project concept and architectural design features.

The development team, in addition to the Participant, may include a partner or joint venturer. Any such partner or joint venturer must be identified at the time the proposal is submitted and the degree of commitment to the development team specified to the Agency's satisfaction.

- B. In the event conflicting submittals are received which satisfy the criteria set forth in Section A above, the following criteria shall be applied to resolve such conflict:
1. Best satisfaction of the criteria set forth in Section 3.1;
 2. Greatest public benefit.

The Agency may receive and consider proposals from persons other than Owners or Tenants concurrent with the receipt and consideration of proposals by Owners and Tenants. The Agency will evaluate all such proposals based upon the criteria set forth in Section 3.1 above. The Agency shall give preference to proposals by Owners and Tenants in the event an Owner or Tenant submits a proposal which fulfills the criteria set forth in Section 3.1 to substantially the same extent as that achieved by a proposal by a person other than the submitting Owner or Tenant.

3.2 Time Periods for Participation and Procedures for Evaluation of Participant Proposals

Prior to entering into an agreement with a developer from outside the Project Area for the development of a particular site, the Agency, through its staff, will notify all Owners and Tenants, who own or rent or otherwise occupy that site, of the Participation Rules. Owners and Tenants so notified will be given thirty (30) calendar days to respond, indicating by submittal of a "Statement of Interest" whether they are interested in being considered as participants and, if so, in what capacity. Any Statement of Interest must be in writing, in the form of Exhibit A, which is attached hereto.

The Agency staff shall, within ten (10) calendar days after receipt of a Statement of Interest, acknowledge receipt of the Statement by a confirming letter to the prospective Participant. Such written acknowledgment shall not obligate the Agency to reach agreement with the applicant or to reject other proposals.

Within sixty (60) calendar days of the deadline for submitting the Statement of Interest, (thus within a total of ninety (90) calendar days from original notification) any Owner or Tenant desiring to be considered as a developer must submit a detailed proposal of the project which shall include such items as a construction pro forma, an operating pro forma, a business plan, building architectural elevations and a site plan (the "Participant Proposal"). An Owner or Tenant desiring to participate as a Tenant shall describe generally its business, and shall provide such additional information as may be requested by the Director.

The Agency's staff will be available throughout the above-listed time frame to discuss the Participant Proposal and to assist informally in the making of necessary adjustments conducive to the parties involved; provided that the Participant, and not the Agency staff, shall be responsible for the content of any proposal.

The Agency will review the Participant Proposal, as set forth below.

- Upon receipt of Participant Proposal, initial evaluation shall be conducted by the Director. Each party making a submittal is responsible for the completeness and accuracy of its Participant Proposal.
- Proposals to participate as Tenants shall include a description of the subject business, a business plan, and such other information as the proponent may deem appropriate or as may be requested by the Director.
- In the event a Participant Proposal is incomplete, or that additional information is required, the Participant shall be allowed fourteen (14) calendar days to complete its Participant Proposal. The failure to provide such additional information within that time will terminate further consideration of any such Participant Proposal.

- Upon receipt of one or more Participant Proposals for the same site, and additional information as applicable, the Director will evaluate each Participant Proposal and make a determination with respect to whether the Participant Proposal conforms to the criteria set forth in Section 3.1 above.

A Participant may appeal any decision of the Director to the governing board of the Agency by making a written request for appeal, within ten (10) calendar days after the Director transmits notice of the initial evaluation. The review of such Participant Proposal(s) by the governing board of the Agency shall be done anew. The governing board's decision shall be final.

Where the Director deems appropriate, the Director or a staff member will meet with the applicant and discuss the proposal prior to making a determination concerning the proposal. A determination shall be made by the Director within sixty (60) calendar days after the receipt of the proposal, provided that the foregoing 60-day period shall be subject to reasonable extension by the Director (who has sole discretion in allowing an extension).

If an appeal is filed in accordance with the procedures herein set forth, all times otherwise applicable pursuant to these rules shall be extended until the governing board of the Agency decides the appeal, or the appeal is withdrawn or otherwise finally determined. The governing board's decision shall be final.

4.0 PARTICIPATION BY OWNERS

4.1 Participation in the Same Location

In appropriate circumstances where such action would foster the unified development and/or redevelopment contemplated by the Redevelopment Plan, an Owner may participate in substantially the same location either by retaining all or portions of Owner's property, or by retaining all or portions of Owner's property and purchasing adjacent property if needed and available for development in accordance with the Redevelopment Plan. An Owner who participates in the same location may be required to rehabilitate or demolish all or part of Owner's existing structures, or the Agency may acquire only the structures and remove or demolish such structures.

Where a proposal to participate in the same location involves a building, or other structure in good condition, but with an existing use which does not conform to the provisions of the Redevelopment Plan, the Agency may allow such use to continue provided that such use is generally compatible with the permitted uses in the area in which the building or structure is located. In order to remain in the Project Area with a nonconforming use, the Owner must agree to the imposition of such reasonable restrictions as are necessary and in conformance with the City zoning codes, to protect the permitted uses in the remainder of the Project Area.

4.2 Participation in a Different Location

When necessary to accomplish the objectives of the Redevelopment Plan, the Agency may purchase from existing Owners real property within the Project Area at fair market value. The Agency may thereafter offer for sale or lease such properties, which may be cleared, or cleared and reassembled properties, unless a public use is contemplated for the property acquired. The Agency may receive and consider proposals for redevelopment of such property from persons other than Owners and Tenants concurrent

with the receipt and consideration of proposals by Owners and Tenants. The Agency will evaluate all such proposals based upon the criteria set forth in Section 3.1.

5.0 PARTICIPATION BY BUSINESSES AND TENANTS

Pursuant to these Participation Rules, Businesses or Tenants in the Project Area will be given a reasonable opportunity to remain or to re-enter onto the site they occupied if they otherwise meet the requirements prescribed by the Redevelopment Plan and these Participation Rules, and if the site they occupied has been, or is scheduled to become, developed pursuant to an agreement between the Agency and another entity including, without limitation, a Participant, which development would necessitate their removal from the site for any period of time. The viability of the involvement of a Business or Tenant in re-entry will depend, in part, upon the ability of the Tenant or Business to participate on the basis proposed, including such factors as the ability to pay the requisite rent, the suitability of the proposed tenancy for the development under consideration, readiness to proceed, and those other factors as generally set forth in Section 3.1 above.

6.0 PROCEDURE FOR BECOMING A PARTICIPANT

6.1 Submittal of a Proposal for Owner, Business or Tenant Participation

The Agency, by inclusion of the Participation Rules or reference to these Participation Rules in writing to any potential Participant, shall be considered to have notified each Participant, who has submitted a valid Statement of Interest to Participate (Exhibit A), of the time within which they must submit a proposal for participation, if they desire participation.

In addition, if the Agency determines that an Interested Party within the Project Area will be required to enter into a Participation Agreement, the Agency shall notify the Interested Party in writing of its intention to require a Participation Agreement, and shall provide the Participant with a copy of the proposed Participation Agreement.

6.2 Completion of the Participation Agreement

Each Interested Party who has submitted a Participant Proposal for participation that is accepted by the Agency, pursuant to Section 3.2, shall enter into a Participation Agreement with the Agency. Each Participation Agreement will contain provisions the Agency deems necessary to ensure that the participation proposal will be carried out, and that the subject property will be developed and/or rehabilitated for use in accordance with the conditions, restrictions, rules and regulations of the Redevelopment Plan and the subject Participation Agreement.

Each Participation Agreement will require the Participant to join in the recordation of such documents as the Agency may require in order to ensure conformance with applicable laws, conditions, restrictions, rules and regulations. The Participation Agreement will also provide that a successor-in-interest of the original Participant may become a Participant with the written approval of the Agency.

Each Participation Agreement shall be and shall contain a provision that it is subject to the Redevelopment Plan and to all further amendments of the Redevelopment Plan that may be adopted from time to time.

A Participation Agreement shall generally provide that if the Owner, Business or Tenant does not comply with the terms of the agreement, the Agency, in addition to other remedies, may acquire their property, or any interest therein, by any lawful means including eminent domain, for its fair market value as of the date of the Participation Agreement (or such other value as may be negotiated). The Agency's use of eminent domain is restricted and its use of that authority must be consistent with its adopted policy as contained in Sections 402 and 403 of the Redevelopment Plan. The Agency may thereafter dispose of the property or interest so acquired in accordance with the Redevelopment Plan. A Participation Agreement will become effective only when approved by the Agency.

7.0 LIMITATIONS ON ACQUISITION OF PROPERTY BY THE AGENCY

The Agency shall not acquire real property to be retained by a Participant pursuant to a Participation Agreement if the Participant fully performs under the agreement, provided that the property shall be subject to acquisition by the Agency, by eminent domain or otherwise, if the governing board of the Agency determines that such acquisition is necessary to carry out the goals and objectives of the Redevelopment Plan or for more necessary public purposes. The Agency's use of eminent domain is restricted and its use of that authority must be consistent with its adopted policy as contained in Sections 402 and 403 of the Redevelopment Plan.

The Agency shall not acquire real property on which an existing building is to be continued on its present site and in its present form and use pursuant to a Participation Agreement, without the consent of the Owner or occupant unless:

- Such building is acquired to accomplish necessary structural alteration, improvement, modernization or rehabilitation essential to assure that such structures are decent, safe and sanitary for people and businesses to occupy under applicable housing, building, electrical, plumbing or other codes or standards; and/or
- The site or lot on which the building is situated requires modification in size, configuration or use so as to conform to the applicable zoning and building codes; and/or,
- It is necessary to impose upon such property any of the standards, restrictions and controls of the Redevelopment Plan and the Owner fails or refuses to participate in the Redevelopment Plan by executing a Participation Agreement.

8.0 PROCEDURE FOR AMENDING PARTICIPATION RULES

The Agency may amend these rules at any meeting held after their adoption.

EXHIBIT A

_____ REDEVELOPMENT AGENCY
_____ REDEVELOPMENT PROJECT

STATEMENT OF INTEREST TO PARTICIPATE

I hereby express my interest to participate in the _____ Redevelopment Project and submit the following information:

1. Name _____ Telephone _____

2. Home Address _____

3. Name of Business _____

4. Address of Business _____

5. My present involvement in the Project Area is:

I own (___); am a Tenant (___); operate a business (___); and wish to rehabilitate (___); build (___); sell (___) my present property. If Tenant, indicate: month-to-month (___); lease (___); expiration date of lease: _____. Options extend lease to _____. If lease includes an option to purchase, so indicate _____.

Comments:

6. I am interested in participating:

As a Business _____
As a Property Owner _____
As a Tenant _____

Other (please describe): _____

7. My present type of business is _____

8. If I participate:

I would like to continue at the same location _____

I would like to change my present location _____

I would like to acquire real property for expansion (indicate approximate requirements)

9. Background, experience, and information concerning your proposal (you may include further information on this page or attach additional sheets if you desire to do so):

(a) Generally describe background and experience:

(b) Describe the activities you propose and indicate your experience relevant to your proposal:

(c) If you enclose a business plan or construction and operating pro forma relative to your proposed activity, these will be considered with your statement of interest.

REMARKS:

10. I understand that submission of this Statement of Interest does not in any way obligate me to participate in the redevelopment.

Signed: _____

Print Name: _____

Title (if applicable): _____

Date: _____