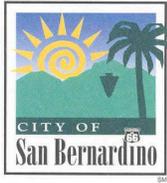


SECTION 3.0
PROJECT DESCRIPTION



3.0 PROJECT DESCRIPTION

3.1 ENVIRONMENTAL LOCATION AND SETTING

The proposed San Bernardino Merged Area A Merger & Amendments Project (proposed project) is generally located in the southeast portion of the City of San Bernardino east of Interstate 215 (I-215) from 8th Street to the Interstate 10 (I-10) interchange, and also along I-10 from the I-215 interchange to Mountain View Avenue. A portion of the Southeast Industrial Park Project Area is located west of the I-215 and the South Valle Project Area is located south of I-10. In addition, a portion of the Tri-City Project Area is located along Del Rosa Drive between Baseline and 6th Street (refer to Exhibit 3-1, Regional Location Map, and Exhibit 3-2, Existing Project Areas).

3.2 BACKGROUND

3.2.1 HISTORY

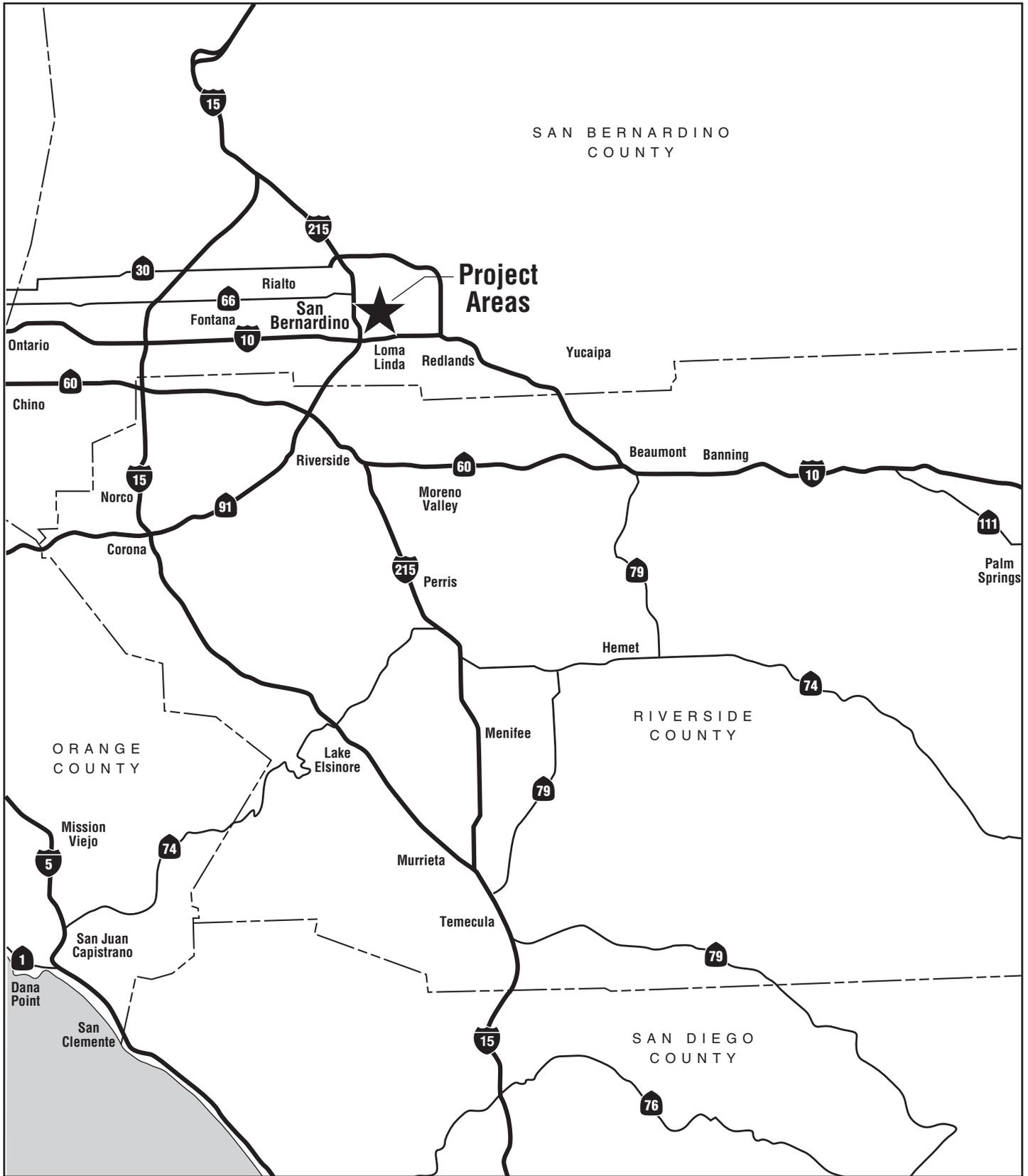
CALIFORNIA COMMUNITY REDEVELOPMENT LAW

The *California Community Redevelopment Law (CRL)* authorizes cities and counties to adopt and amend redevelopment plans intended to revitalize and rehabilitate blighted areas. Redevelopment plans provide a means for redevelopment agencies to encourage private reinvestment in blighted areas through provision of various forms of assistance. Redevelopment is intended to eliminate deficiencies and cause the comprehensive planning, redesign, and reconstruction of specific areas to facilitate a higher and better utilization of land.

Redevelopment is also intended to increase construction activities and employment opportunities; provide economic stimulation through commercial growth and expansion; and to increase, improve, and preserve the City's affordable housing stock and thereby make affordable housing available to persons of very low, low, and moderate income.

ABOUT THE REDEVELOPMENT AGENCY

The Mayor and Common Council of the City of San Bernardino (Mayor and Common Council) created the Redevelopment Agency (Agency) of the City of San Bernardino in 1958 with the responsibility of initiating and managing redevelopment projects and activities within the redevelopment Project Areas in the City of San Bernardino. The Agency was formed to assist the City in the elimination of physical and social blight, as well as the creation of jobs, construction of affordable housing, and attraction of new businesses into the region. The Mayor and Common Council Members act as the governing body of the Agency. Agency staff oversees redevelopment activities in the Agency's Project Areas.

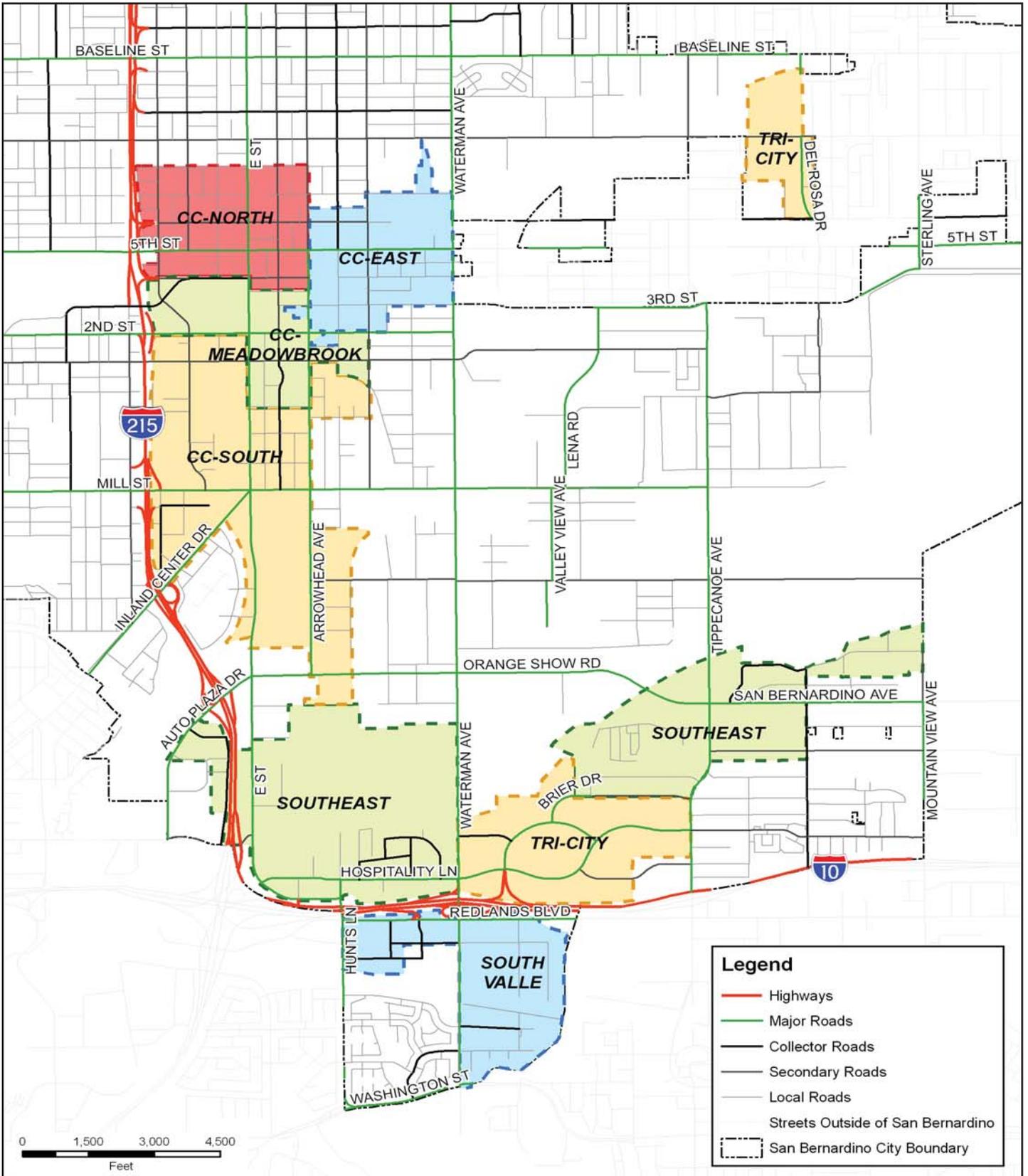


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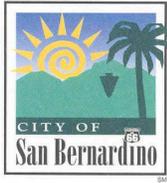


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ENVIRONMENTAL IMPACT REPORT
 SAN BERNARDINO MERGED AREA A – MERGER AND AMENDMENTS
Regional Location Map



ENVIRONMENTAL IMPACT REPORT
 SAN BERNARDINO MERGED AREA A – MERGER AND AMENDMENTS
Existing Project Areas



The Economic Development Agency (EDA) is a “focused, diversified organization whose mission is to enhance the quality of life for the citizens of San Bernardino by creating jobs, eliminating physical and social blight, supporting culture and the arts, and developing a balanced mix of quality housing, along with attracting and assisting businesses both independent and through public-private partnerships.”¹

The first redevelopment Project Area within the City was adopted in 1958 – Meadowbrook Project Area. Since 1958, many of the City’s redevelopment Project Areas have been amended to adapt to the changing needs of the City.

3.2.2 MERGED AREA A PROJECT AREAS

Descriptions of the seven Project Areas within Merged Area A are provided below.

CENTRAL CITY NORTH

The Central City North Project Area (CCN) was adopted on August 6, 1973, and spans 278 acres. Located east of the I-215 freeway near the San Bernardino Civic Center, this Project Area is composed of a mixture of retail, commercial, restaurant, professional service uses, and single-family residences. Since its adoption, various developments have occurred within this area (i.e., senior housing facilities, main library branch, a 20-screen multi-plex theater, and the Stater Bros. Central City Plaza). This redevelopment area is home to the Central Police Facility, which joins police staff, communications, and jail facilities all under one roof. In addition, administrative offices for the City Unified School District, County Superintendent of Schools and Community College District, and renovation of the 60-year old California Theater, have recently been completed. Additionally, the Central Police Facility and office tower and parking garage for the California Department of Transportation (CalTrans) were completed in this redevelopment Project Area during the mid-1990s.

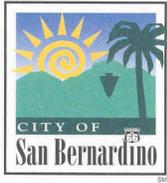
SOUTHEAST INDUSTRIAL PARK

The Southeast Industrial Park (SEIP) Project Area was adopted on June 21, 1976, with a total of 870 acres. This Project Area is located in the southeast quadrant of the City, and is divided into two sections. The western section is devoted primarily to commercial complexes and professional offices, while the eastern section is predominantly devoted to light industrial uses.

The western section is adjacent to the I-10 and I-215 freeways interchange, offers a mix of professional office complexes, a restaurant row, a hotel with convention facilities, and various motels, retail, commercial, and light industrial uses. West of the I-215 freeway within this section is the San Bernardino Auto Plaza and various auto-related businesses.

The eastern section is occupied by manufacturing- and distribution-related warehouse uses, as well as vacant land available for development. This area is proximately located to the San Bernardino International Airport (formerly Norton Air Force Base). In addition, a portion of the land within this area is retained for flood control purposes adjacent to the Santa Ana River, which bisects a portion of this Project Area.

¹ Source: *City of San Bernardino Economic Development Agency website, <http://www.sbrda.org/>, accessed March 30, 2010*



TRI-CITY

The Tri-City Project Area was adopted on June 20, 1983, and contains 378 acres. This Project Area is divided into two subareas located in the southeast portion of San Bernardino.

Subarea I is located west of Del Rosa Avenue and north of 6th Street to Baseline Avenue. This area is zoned for residential development and is occupied by an apartment complex on a 12-acre site. The remainder of the land in this Project Area is owned and marketed by the Agency.

Subarea II is located east of Waterman Avenue, west of Tippecanoe Avenue, and north of the I-10 freeway. This area is occupied by the Tri-City Corporate Center, which is a mix of office, light industrial, retail, commercial, and a variety of restaurant uses.

SOUTH VALLE

The South Valle Project Area was adopted on July 9, 1984, and spans 289 acres. This Project Area is located south of the I-10 freeway within the southernmost portion of the City. Lying adjacent to the Commercenter area of the Southeast Industrial Park and Subarea II of the Tri-City Project Areas, this Project Area is characterized by a mixture of commercial, industrial, and residential developments adjacent to the I-10 and I-215 freeway interchange. The Project Area has rail service through the center, with a transcontinental truck terminal located adjacent to the Project Area at the southwest corner of Hunts Lane and Redlands Boulevard.

MERGED CENTRAL CITY PROJECTS

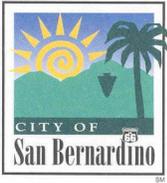
Central City Projects is the combination of three Project Areas encompassing 1,008 acres, which were merged in 1983. The three Project Areas are the Meadowbrook/Central City (M/CC), Central City East (CCE), and Central City South (CCS) Project Areas. Consolidation occurred to allow for more efficient management of Agency resources.

Meadowbrook/Central City – Adopted September 21, 1958/Adopted February 23, 1965

Central City East – Adopted May 3, 1976

Central City South – Adopted May 3, 1976

Totalling 1,008 acres, this Project Area encompasses Downtown San Bernardino and includes various administrative offices for Federal, State, County, and City departments; the 55-acre Secombe Lake State Urban Park; and the 136-acre National Orange Show fairgrounds. In addition, this area includes the Court Street Square, which provides a site for public-oriented activities, the San Bernardino Stadium (home to the Inland Empire 66ers minor league baseball team), and the Carousel Mall. Within the area commonly known as the Superblock, an 11-story consolidated office tower and parking garage for the State Department of Transportation, CalTrans, was recently completed.



3.3 REDEVELOPMENT AGENCY GOALS

The Agency has established the following eight goals related to community reinvestment and revitalization for the 14 Redevelopment Project Areas in the City. The eight goals are defined by the following phrases: Live, Play, Work, Invest, Access, Go, Collaborate, and Preserve.

LIVE

Develop Community Identity. Foster community identity by promoting an environment characterized by architectural and urban design principles, developed through the encouragement, guidance, and professional assistance to owner participants and redevelopers.

PLAY

Improve Quality of Life. Increase the variety of recreational opportunities available to the residents within the Project Areas.

WORK

Create a Stronger Local Economy. Create local opportunities by attracting retail and other non-residential commercial and office uses, particularly along major thoroughfares.

INVEST

Invest, Promote, and Respect. Promote economic development in the Project Area(s) by providing an attractive, well-serviced, and well-protected environment. Encourage land disposition and development through land assembly and improved access to infrastructure and public services. Address incongruous land uses by developing landscape buffers and greenbelts.

ACCESS

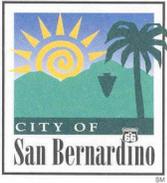
Emphasize Infrastructure Improvements. Facilitate improvements to public infrastructure and facilities that serve the Project Areas, including installation, construction, reconstruction, redesign, or reuse of streets, utilities, curbs, gutters, sidewalks, and other public improvements.

GO

Improve and Develop Efficient Circulation Systems. Develop a circulation system that improves vehicular movement. Provide and regulate the provision of parking to meet the needs of residents and commercial businesses.

COLLABORATE

Encourage Community Engagement. Economically revitalize the Project Areas by supporting the cooperation and participation of residents, business owners, public agencies, and community organizations.



PRESERVE

Housing Accessible to All Families. Increase, improve, and preserve the supply of housing, especially housing affordable to very low, low, and moderate-income households. Increase home ownership in the residential portions of the Project Areas.

3.4 FIVE-YEAR IMPLEMENTATION PLAN²

The most recently adopted Implementation Plan is for fiscal years 2009-10 through 2013-2014.

STRATEGIC OBJECTIVES

The Agency's five-year work programs are structured around three consistent objectives intended to maximize the Agency's responsiveness to market opportunities, manage public and private risk, and facilitate the creation of public improvements and public housing.

Plans and Policies

Redevelopment is a catalyst and tool to pursuing the vision that is cast by City leaders through land use plans and policies. Long-range plans that support redevelopment activities provide policy direction to derive the greatest public benefit from redevelopment activities and projects, and discourage inefficient piecemeal development. By establishing land use objectives and policies, development standards and design guidelines, the City sets the policy stage for redevelopment and helps create a reduced-risk environment that more readily attracts private investment. Land use plans and policies also provide the framework for planning and financing infrastructure that will support new development.

Public Infrastructure and Facilities

As land use plans and policies are crafted and updated to support the revitalization goals of the City, the City and Agency must determine how to proactively finance and build public infrastructure and facilities needed to support new development. Tax increment generated from new development can be leveraged toward public improvements and facilities that benefit the entire Project Area and neighborhood, and not just individual development projects. By upgrading infrastructure that supports additional development, the Agency will greatly advance the revitalization goals of the City while creating an environment that attracts capital and is more readily responsive to market opportunities.

Catalytic Projects

Redevelopment acts as a "sparkplug" in city revitalization efforts, creating just enough energy and momentum in a city's economic engine to let it rev up and run on its own. By strategically focusing and leveraging resources on key "catalyst projects," redevelopment can spark enough market confidence to attract private investment to a city's revitalization vision and plans. In the current economic downturn and depressed real estate market, distressed opportunity areas

² Five-Year Implementation Plan, Redevelopment Agency of the City of San Bernardino, FY 2009-10 through 2013-2014, December 2009.



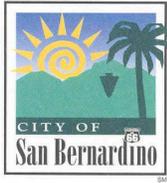
around the City have emerged containing vacant buildings and development-ready sites in key strategic locations along major corridors in the City.

REGIONAL STRATEGIES AND WORK PROGRAMS

A series of regional strategies were identified during the Agency’s strategic planning process for the Implementation Plan. In addition to the strategies that are specific to Areas A and B, citywide strategies affecting both regions were also identified (refer to *Table 3-1, Merged Area A Work Program Strategies*). A description of each strategy is provided, which indicates the purpose of the strategy and how it relates to the activities recommended throughout the Project Area.

**Table 3-1
Merged Area A Work Program Strategies**

Strategy No.	Strategy Name	Strategy Description
Merged Area A Strategies		
A-1	Area A Project Areas Merger	The financial merger of the Merged Central City Projects (Central City East, Central City South, Meadowbrook/Central City), Central City North, Southeast Industrial Park, Tri-City, and South Valle Project Areas would allow the Agency to more effectively leverage and focus financial and staff resources to implement strategic initiatives and redevelopment projects located in the Eastern Project Areas.
A-2	Downtown Core Revitalization Strategy	In 2009, the City and Agency completed a Vision/Action Plan for the Downtown Core (bound by I-215, 6 th Street and 7 th Street, Waterman Avenue, and Rialto Avenue). This Work Program will facilitate the implementation of the Vision/Action Plan.
A-3	Tippecanoe Avenue & 3 rd Street Corridors	The Tippecanoe Avenue Corridor travels north-south between 3 rd Street and the I-10 Freeway. The 3 rd Street Corridor travels east-west between Waterman Avenue and Palm Avenue. Both Corridors serve the San Bernardino International Airport and are considered <i>Distressed Opportunity Areas</i> with opportunities for infrastructure improvements and airport-supporting commercial/industrial reuse.
A-4	Hunts Lane Revitalization Strategy	Hunts Lane, just south of the I-10 Freeway, is considered a <i>Distressed Opportunity Area</i> that would be greatly served through a grade separation of the rail line and the reuse of vacant buildings and properties as regional-serving commercial uses.
A-5	E Street Corridor Revitalization Strategy	The E Street Corridor travels north-south along the eastern side of the I-215 Freeway. The Corridor is considered a <i>Distressed Opportunity Area</i> due to increased vacancies and business closings resulting from the current economic downturn. The declining Auto Park located near the I-215/I-10 freeway interchange is a key focus of this strategy.
A-6	Waterman Avenue Corridor Revitalization Strategy	The Waterman Avenue Corridor travels north-south between Baseline Avenue and 5 th Street. It is considered a <i>Distressed Opportunity Area</i> with opportunities for infrastructure upgrades and affordable housing.

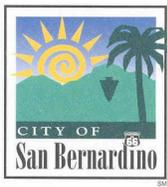


**Table 3-1 (continued)
Merged Area A Work Program Strategies**

Strategy No.	Strategy Name	Strategy Description
A-7	Base Line Street Corridor East	The eastern half of the Base Line Street Corridor travels east-west between the I-215 Freeway and Del Rosa Avenue. It is considered a <i>Distressed Opportunity Area</i> with opportunities for reuse of commercial and industrial properties along the Corridor.
A-8	Other Strategic Redevelopment Activities	Other Agency redevelopment projects and activities throughout the Eastern Project Areas.
Strategies Applicable to All Project Areas, Including Merged Area A Project Areas		
All-1	Implementation of sbX Bus Rapid Transit Project	The Agency will continue to partner with Omnitrans to implement the sbX Bus Rapid Transit Project throughout the Project Areas, including the construction of sbX stops.
All-2	Project Area Expansion Feasibility Study	The Agency will conduct a feasibility study for the possible expansion of the Project Areas beyond the current limits.
All-3	Brownfields Revitalization Program	The Agency will continue to develop and implement a comprehensive Brownfields Revitalization Program that seeks and leverages funding for the assessment, remediation, and revitalization of environmentally contaminated properties.
All-4	Economic Development Strategy	Prepare a citywide Economic Development Strategy that provides a comprehensive information handbook and roadmap for economic development activities in the City, including redevelopment, housing, public infrastructure and facilities, business attraction and retention, and civic engagement. The Implementation Plan will ultimately serve as a component of the City's overall Economic Development Strategy. The Strategy will include a comprehensive database of economic/market indicators that provide guidance for the development and implementation of near- and long-term strategies and work programs.
All-5	Business Attraction	Collaborate with major employers and educational institutions in the region to identify collaborative opportunities for the location of professional office and academic research facilities within the Project Areas.
All-6	Other Strategic Redevelopment Activities	Other Agency redevelopment projects and activities throughout all Project Areas.

Source: *Five-Year Implementation Plan, Redevelopment Agency of the City of San Bernardino, FY 2009-10 through 2013-14, December 2009.*

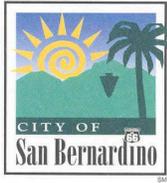
The Five-Year Implementation Plan also identifies specific projects and programs that implement the strategies presented in Table 3-1.



3.5 PROJECT GOALS

Implementation of the proposed Merged, Amended, and Restated Redevelopment Plan for Merged Area A is intended to achieve the following goals:

- Eliminate and prevent the spread of conditions of blight, including but not limited to underutilized properties and deteriorating buildings, incompatible and uneconomic land uses, deficient infrastructure and facilities, obsolete structures, parking deficiencies and other economic deficiencies, in order to create a more favorable environment for commercial, industrial, office, residential, and recreational development.
- Encourage the cooperation and participation of residents, businesses, public agencies, and community organizations in the economic revitalization of Merged Area A.
- Promote the economic development of Merged Area A by providing an attractive, well-serviced, well protected environment for residents and visitors.
- Develop property within a coordinated land use pattern of residential, commercial, industrial, recreational, and public facilities in Merged Area A consistent with the goals, policies, objectives, standards, guidelines, and requirements, as set forth in the City's adopted General Plan and Zoning Code.
- Implement design and use standards to assure high aesthetic and environmental quality, and provide unity and integrity to development within Merged Area A.
- Eliminate environmental deficiencies and inadequate public improvements, including but not limited to inadequate street improvements and off-site parking, inadequate utility systems, and inadequate public services and facilities.
- Develop efficient and safe circulation improvements for vehicles and pedestrians.
- Implement beautification activities to improve the visual image of the City as well as reinforce existing assets and expand the potential of Merged Area A to encourage private investment.
- Encourage, promote, and assist in the development and expansion of local commerce and needed commercial and industrial facilities, including providing assistance to finance facilities or capital improvements on property used for industrial or manufacturing purposes to increase local employment and improve the economic climate within Merged Area A.
- Remove impediments to land disposition and development through improved infrastructure and public facilities, and the acquisition and assemblage of property into usable sites for commercial, industrial, recreational, and public facility development.



- Increase, improve, and preserve housing affordable to very low, low, and moderate income households, as well as promote homeownership, consistent with the goals and objectives of the community.
- Encourage the restoration and reuse of older, historic structures which add to the City's character and sense of community identity.

3.6 PROJECT CHARACTERISTICS

3.6.1 PROJECT OVERVIEW

The proposed project is intended to accomplish the following:

- Merge and increase both the total amount of tax increment revenue the Agency may collect and the total amount of bonded indebtedness which can be outstanding at one time within Merged Area A;
- Update and expand the capital improvement projects list for Merged Area A;
- Extend by ten years the effectiveness of the Redevelopment Plans and the time to collect tax increment revenue from the Meadowbrook/Central City and Central City North Project Areas;
- Amend the existing Redevelopment Plans to merge the Meadowbrook/Central City, Central City North, Central City South, Central City East, Southeast Industrial Park, Tri-City, and South Valle Project Areas for financial reasons and as allowed by the *California Community Redevelopment Law (CRL)* Health and Safety Code Section 33000, et seq.;
- Adopt a single Merged, Amended, and Restated Redevelopment Plan for the proposed Merged Area A.

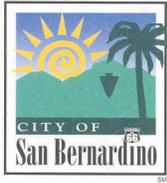
The Merged Plan has been prepared by the Agency pursuant to Redevelopment Law, the California Constitution, and all applicable laws and ordinances. It does not present a specific plan for the redevelopment, rehabilitation, and revitalization of any area within Merged Area A; instead, it establishes a process and framework for implementation.

Additional details regarding the proposed project are providing in the following sections.

3.6.2 MERGER AND AMENDMENTS³

In accordance with the *California Community Redevelopment Law (CRL)* (*Health and Safety Code* Section 33000 et seq.), the Redevelopment Agency of the City of San Bernardino ("Agency") is proposing various redevelopment plan amendments and the merger of seven of the Agency's Project Areas ("Project Areas"). The seven Project Areas under consideration include Central City North, Southeast Industrial Park, Tri-City, South Valle,

³ Source: *Preliminary Report, San Bernardino Merged Area A Merger & Amendments*; April 5, 2010, prepared by Rosenow Spevacek Group.



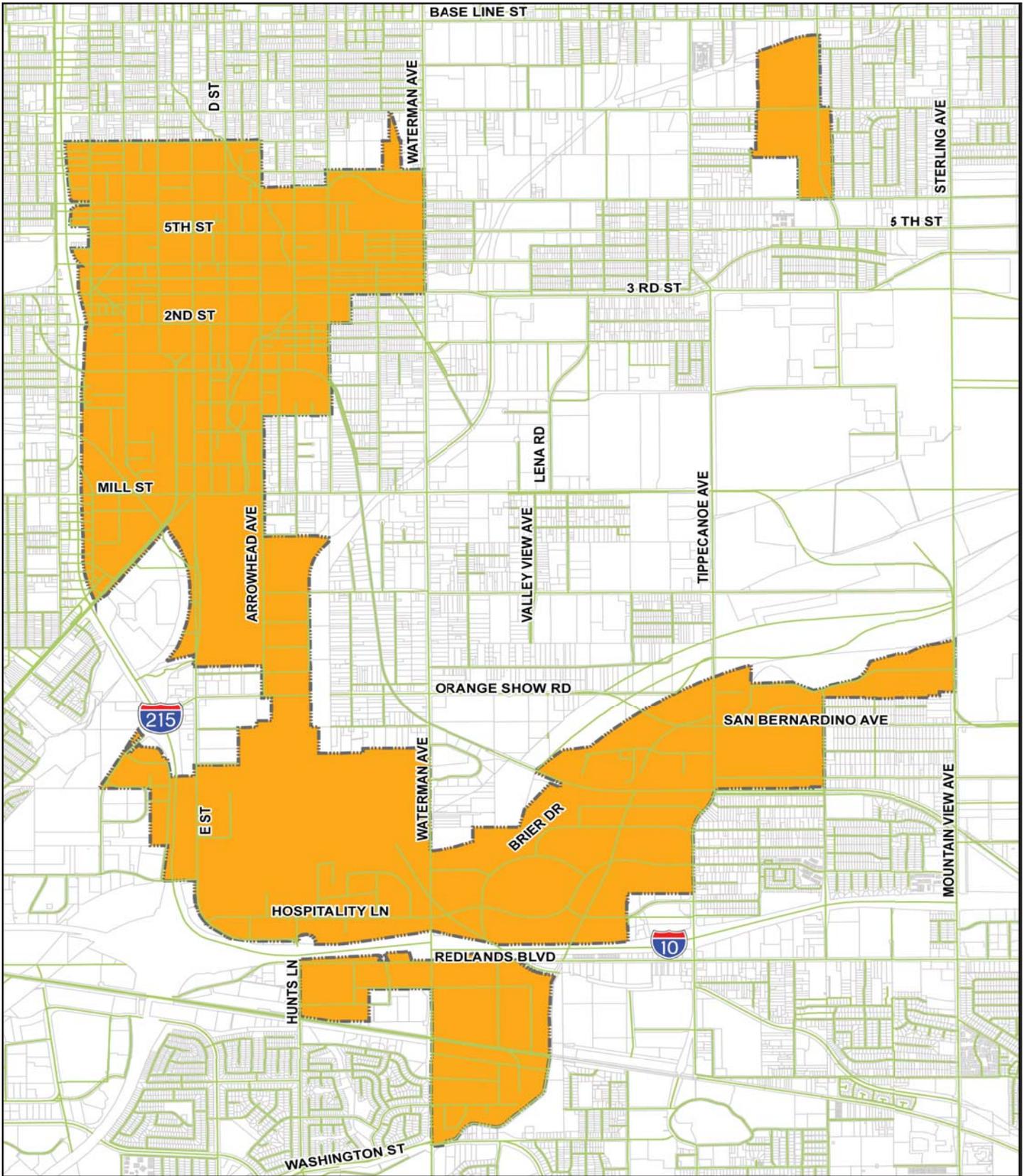
Meadowbrook/Central City, Central City East, and Central City South, collectively referred to as “Merged Area A” and individually referred to as “Project Area” (refer to Table 3-2, Project Area Acreage). Exhibit 3-3, Proposed Project Area, depicts the new boundary for the proposed project. As part of the Merger and Amendments, the Agency is proposing to adopt a single Merged, Amended, and Restated Redevelopment Plan for Merged Area A (“Merged Plan”).

**Table 3-2
Project Area Acreage**

Redevelopment Project Area	Acreage Including Public Right-of-Way ¹
Central City North	278
Southeast Industrial Park	870
Tri-City	378
South Valle	289
Meadowbrook/Central City Projects	1,008
Central City East	
Central City South	
Total	2,823
Notes: 1. Acreage includes public right-of-way and may vary from acreage (exclusive of public right-of-way) reported in the Agency’s Five Year Implementation Plan.	

Table 3-3, Proposed Merger and Amendment Actions, summarizes the proposed merger and redevelopment plan amendments (“Merger and Amendments”) under consideration by the Agency and the Mayor and Common Council . These actions include the following:

- Merge Project Area
- Tax Increment & Bonded Indebtedness Cap
- Capital Projects
- 10-Year Extension
- Single Merged, Amended and Restated Plan

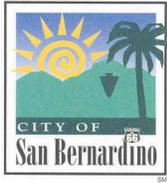


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ENVIRONMENTAL IMPACT REPORT
 SAN BERNARDINO MERGED AREA A – MERGER AND AMENDMENTS
Proposed Project Area



**Table 3-3
Proposed Merger and Amendment Actions**

Project Area	Type of Redevelopment Plan Action				
	Merge Project Areas	Tax Increment & Bonded Indebtedness Cap	Capital Projects	10-Year Extension	Single-Merged, Amended, and Restated Plan
Central City North	✓	✓	✓	✓	✓
Southeast Industrial Park	✓	✓	✓		✓
Tri-City	✓	✓	✓		✓
South Valle	✓	✓	✓		✓
Meadowbrook/Central City	✓	✓	✓	✓	✓
Central City East	✓	✓	✓		✓
Central City South	✓	✓	✓		✓

AMENDMENT TO INCREASE THE TAX INCREMENT AND BONDED DEBT LIMITATION

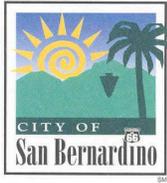
CRL Section 33354.6(a) sets forth that when a redevelopment agency proposes a redevelopment plan amendment to increase the limitation on the number of dollars to be allocated to the Project Area, or the amount of bonded debt that can be outstanding at any one time, the agency shall follow the same procedure, and the legislative body is subject to the same restrictions, as when adopting a new redevelopment plan.

Furthermore, *CRL* Section 33354.6(b) specifies that when an agency proposes such amendments, it shall describe and identify the following in the amendment documents: the remaining blight within the Project Area; the portions, if any, that are no longer blighted; the projects that are required to be completed to eradicate the remaining blight; and the relationship between the costs of those projects and the amount of increase in the limitation on the number of dollars to be allocated to the agency. The ordinance adopting such an amendment must contain findings that both (1) significant blight remains within the Project Area and (2) the blight cannot be eliminated without the establishment of additional debt and the increase in the limitation on the number of dollars to be allocated to the redevelopment agency.

The Agency is proposing single cumulative limits for both the tax increment limitation and the bonded indebtedness limitation for Merged Area A.

AMENDMENT TO ADD PUBLIC IMPROVEMENT PROJECTS TO MERGED PLAN

Under *CRL* Section 33354.6, the legislative body may amend a redevelopment plan to add significant capital improvement projects as determined by the redevelopment agency. To add such capital improvement projects, an agency must follow the same procedures as adopting a new redevelopment plan. The Agency is both amending the capital project lists for the



individual Project Areas into one merged list, as well as adding new capital projects for Merged Area A.

AMENDMENT TO EXTEND THE EFFECTIVENESS AND TERM TO RECEIVE TAX INCREMENT BY 10 YEARS

The Agency wishes to pursue the extension of the effectiveness of the Central City North and Meadowbrook/Central City Project Areas. These Project Areas will reach their effectiveness time limit in the near future. Once the effectiveness limit is reached, implementation activities (except for inclusionary housing) within the Project Areas must cease and funds can only be spent on administering debt associated with the Project Areas. Therefore, the Agency wishes to pursue the 10-year amendment to extend the effectiveness and time period to receive tax increment for these two Project Areas. This amendment will further the Agency's ability to financially support needed redevelopment projects and programs in Merged Area A.

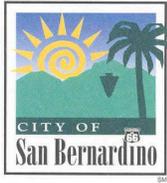
The City's existing Housing Element (adopted July 2003) is currently being updated. A draft of the updated Housing Element has been submitted to the Department of Housing and Community Development (HCD) for their mandatory review for compliance with State law. Following HCD review and any updates to the draft Housing Element, the City will hold public hearings to adopt the Housing Element.

As such, the 10-year amendments as previously identified for the Central City North and Meadowbrook/Central City Project Areas will not be undertaken at this time, but would be subject to a subsequent amendment after the Housing Element is adopted by the City and certified by HCD.

Pursuant to *CRL* Section 33333.10, the Mayor and Common Council must make findings that significant blight remains in the two Project Areas that cannot be eliminated without extending the effectiveness of the redevelopment plan and the time limit to receive tax increment. The 10-year amendment would require the Agency to follow the same procedure required to adopt a new redevelopment project, and adhere to the additional requirements prescribed by the *CRL* to complete this particular type of amendment. Significant blight does not have to be prevalent throughout the two Project Areas, though tax increment may only be spent in areas where blighting conditions are identified or where non-blighted parcels are deemed necessary and essential. This requirement for spending tax increment generated in the Project Area in this restricted manner commences only after the original effectiveness limit has expired.

An important outcome of the 10-year amendment is the requirement that commencing the first fiscal year after the amendment is adopted, the Project Areas must deposit a total of 30% (a 10% increase) of the tax increment revenue received (from the Project Areas) into the Agency's Low and Moderate Income Housing Fund ("Housing Fund"). The requirement limiting where funds may be spent after the 10-year amendment does not include expenditures from the Housing Fund.

Additionally, the *CRL* contains a list of other requirements that must be met for the Agency to extend the effectiveness and tax increment time limitations for the Central City North and Meadowbrook/Central City Project Areas. The Mayor and Common Council must not only make the required findings of blight noted above, but prior to the Mayor and Common Council's



consideration of the amendment ordinance, the Agency must adopt a resolution that makes the following findings:

- The community has an adopted housing element certified by the State of California Department of Housing and Community Development;
- The Agency has not been in major violation of the State Controller’s annual reporting for the past three fiscal years; and
- The Agency has written a request to and received a response from the State Department of Housing and Community Development stating that the Agency does not have an excess surplus in its Housing Fund.

PROJECT AREA MERGER

CRL Section 33485 states that “Mergers of project areas are desirable as a matter of public policy if they result in substantial benefit to the public and if they contribute to the revitalization of blighted areas through the increased economic vitality of those areas and through increased and improved housing opportunities in or near such areas.” Furthermore, *CRL* Section 33486 states that project areas may be merged, without regard to contiguity of the areas, by the amendment of each affected redevelopment plan as provided in *CRL* Section 33450. Before adopting the ordinance amending each affected redevelopment plan, the Mayor and Common Council must find, based on substantial evidence, that both of the following conditions exist:

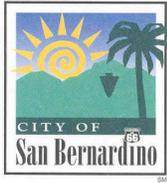
1. Significant blight remains within one of the project areas being merged.
2. This blight cannot be eliminated without merging the project areas and the receipt of property taxes.

3.6.3 PROJECTS AND PROGRAMS TO ELIMINATE BLIGHT⁴

This section provides a description of the projects or programs proposed to eliminate the remaining blight, how they will improve the conditions of blight, and the reasons why the projects or programs cannot be completed without the Merger and Amendments.

While the Agency has been effective in eliminating blight through public facilities and infrastructure improvements, site acquisition and clearance, and new construction and rehabilitation projects, significant blight remains prevalent throughout Merged Area A, as detailed in Section A of the *Preliminary Report*. The Agency will continue to carry out consistent projects and programs in Merged Area A, but seeks to augment its financial capacity to continue to implement a corridor-based approach to the elimination of blight. Rather than focusing on piecemealed projects within individual Project Areas, the Agency’s focus is to address blighting conditions along key corridors in Merged Area A (e.g., Waterman Avenue, Baseline Street, Arrowhead Avenue, Hospitality Lane, Orange Show Road), and invest in the revitalization of the City’s “Downtown Core.” The Downtown Core is generally bound by 6th Street to the north, Waterman Avenue to the east, the I-215 Freeway to the west, and Rialto Avenue to the south.

⁴ Source: *Preliminary Report, San Bernardino Merged Area A Merger & Amendments*; April 5, 2010; prepared by Rosenow Spevacek Group.



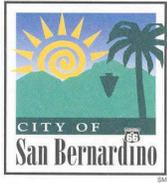
It encompasses the southern half of Central City North, almost all of Central City East and Meadowbrook/Central City, and a northern portion of Central City South.

DOWNTOWN CORE VISION/ACTION PLAN

The Downtown Core is currently home to local, regional, state, and federal government centers (e.g., City Hall, County administrative offices, Courthouse, IRS, Consulate General of Mexico), the San Bernardino Convention Center, an emerging Theater District, Carousel Mall, educational and workforce development centers, a public transportation hub, Seccombe Lake, affordable housing, and other new development projects. To cast a strategic vision for the revitalization of the Downtown Core, the City and Agency recently completed the Downtown Core Vision/Action Plan in summer 2009, which created a visual simulation of the Downtown Core's redevelopment potential. Key elements of the Downtown Core Vision/Action Plan include a new inter-governmental civic center complex, a courthouse building, a night-time entertainment Theater District with retail and restaurant uses, a transit village, Court Street Square, a Main Street retail corridor, a new hotel to complement the Convention Center, and new Seccombe Lake and Meadowbrook Park residential and mixed-use development projects.

The Downtown Core Vision/Action Plan casts a long-range revitalization strategy that will require significant public-private investment and redevelopment tax increment financing to assemble land for development, upgrade public infrastructure and utility systems to meet increased service demands, create new parks and public transportation systems to serve future residents and visitors, and build affordable housing to create a balanced community. The catalyst projects and accompanying infrastructure improvements envisioned by the Downtown Core Vision/Action Plan will eliminate blighting conditions by creating jobs, increasing income levels, assembling and redeveloping blighted properties, replacing aged infrastructure, addressing incompatible uses, increasing property values, remediating environmentally contaminated sites, reducing office and retail vacancies, creating needed commercial facilities, and addressing uses that contribute to the threat to the public health, safety, and welfare of residents in Merged Area A.

The proposed Merger and Amendments will allow the Agency to leverage and pool tax increment revenues from the affected Project Areas to implement the Downtown Core Vision/Action Plan for the benefit of the entire Merged Area A. New tax increment revenues generated from increased property values resulting from property revitalization can be invested toward additional public improvements in the Downtown Core and other parts of Merged Area A. The Agency estimates \$75 million in project costs for implementation of the Downtown Core Vision/Action Plan through the life of the Merged Plan. The proposed 10-year extensions of the Central City North and Meadowbrook/Central City Project Areas are needed to: (1) allow sufficient time for the Agency to implement the long-range objectives of the Downtown Core Vision/Action Plan in those Project Areas, particularly given the current temperature of the real estate market; and (2) create sufficient financing capacity in those Project Areas as redevelopment proceeds to finance public facilities and infrastructure upgrades and facilitate key catalytic development projects. The proposed increases in the Agency's limitations on tax increment collection and bonded indebtedness will ensure that the Agency has sufficient financing capacity to fund redevelopment activities throughout Merged Area A, including the Downtown Core.



Given the current economic climate and troubling trends in the real estate market, implementation of major programs like the Downtown Core Vision/Action Plan cannot reasonably be expected to occur either by private enterprise or governmental action alone, but only by leveraging the unique redevelopment powers and financing capabilities of the Agency to create public-private enterprise activities. This is especially true now as the City struggles to address its own general fund budgetary gap. With little to no new revenue streams available to implement the Downtown Core Vision/Action Plan, the City will rely heavily on the Agency to secure funding for next steps under the Plan. With increased financial responsibility to carry out major projects and programs in Merged Area A, the proposed Merger and Amendments is necessary to ensure the Agency has adequate financial capacity and tools to see these revitalization activities through to successful completion.

PROJECTS AND PROGRAMS

In addition to Downtown Core revitalization, the Agency proposes to eliminate blight throughout Merged Area A through the implementation of the following projects and programs along key corridors and at prime opportunity sites. The projects and programs are taken from Exhibit C, Project List, in the *Merged, Amended and Restated Redevelopment Plan for San Bernardino Merged Redevelopment Project Area A, and ones that may be undertaken by the Agency*. These projects and programs are not listed in order of priority and may change from time to time. In addition, the following projects and programs reflect the proposed capital improvements projects that are required to be identified in the Merged Plan.

Public Facilities and Infrastructure Improvements

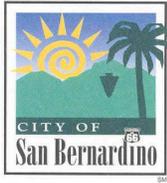
These projects and programs involve the replacement and upgrading of public facilities and infrastructure to support existing uses and new development. Redevelopment activities include circulation upgrades and street improvements, parks and recreation/community centers, public safety improvements, infrastructure assessments/plans, utility improvements (e.g., sewer main replacement/relocation, high groundwater table/liquefaction mitigation), flood control, bikeways and trails, and noise attenuation. The Agency estimates \$50 million in project costs for public facilities and infrastructure improvements through the life of the Merged Plan.

Environmental Conservation

These projects and programs seek to increase the long-term viability, relevance, and cost-effectiveness of existing and future buildings in Merged Area A. Redevelopment activities include solar and geothermal building retrofits, research and development, and studies and plans. The Agency estimates \$10 million in project costs for environmental conservation programs through the life of the Merged Plan.

Environmental Remediation and Brownfields Revitalization

These projects and programs seek to mitigate environmental threats to public health and safety, and transform contaminated, underutilized properties, otherwise known as “brownfields,” into productive assets of the community. In 2008, the Agency was selected to receive two separate grants from US EPA for Communitywide Brownfields Assessments to inventory brownfield sites and conduct Phase I and Phase II Environmental Site Assessments on priority sites with high revitalization potential. These grants can ideally be used by redevelopment agencies as “seed



money” to create comprehensive, proactive brownfield revitalization programs. The Agency also possesses unique powers under the Polanco Redevelopment Act (CRL Sections 33459-33459.8) to transfer and mitigate legal and financial liabilities that would otherwise deter a property owner or developer from seeking to better utilize brownfield sites. Redevelopment activities under this project/program, include community outreach, grant funding, and implementation of the sbX Bus Rapid Transit Project, an interagency effort with Omnitrans, the regional transportation authority, to implement a bus rapid transit system that would traverse and interconnect 15.7 miles of the City, many portions of which include right-of-ways containing environmental pollutants regulated by federal and state oversight agencies. The Agency estimates \$3 million in project costs for environmental remediation and brownfields revitalization through the life of the Merged Plan.

Land Use Planning to Guide Redevelopment

These projects and programs involve updates to land use goals, plans, and policies needed to effectively implement the Agency’s redevelopment activities. For example, while the Downtown Core Vision/Action Plan provides a visual simulation of the City’s Downtown revitalization goals, it does not update the City’s existing General Plan designations or zoning to set forth new development standards and design guidelines necessary to implement the vision. Preparation of a Downtown Core Specific Plan or Overlay would provide the needed updates. Land use plans also provide the framework for planning and financing infrastructure upgrades that will support new development. The Agency estimates \$2 million in project costs for land use planning through the life of the Merged Plan.

Public Transit

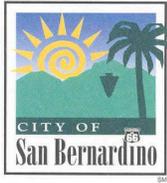
These projects and programs seek to increase public transit systems through Merged Area A. Most notably, a key priority for the Agency will be the ongoing collaboration with Omnitrans to implement the sbX Bus Rapid Transit Project. Redevelopment activities include sbX line right-of-way improvements, sbX stops, transit stations, and transit-oriented development projects. The Agency estimates \$15 million in project costs for public transit through the life of the Merged Plan.

Infill Development Projects and Affordable Housing

These projects and programs involve site clearance, land assembly, and development of infill projects in Merged Area A, including affordable housing. Redevelopment activities include property acquisition, studies and plans, and public facilities and infrastructure improvements to support infill projects. The Agency estimates \$75 million in project costs for infill development and affordable housing through the life of the Merged Plan.

Economic Development Activities

These projects and programs seek to complement the Agency’s goals for urban revitalization by supporting economic development activities to expand and attract businesses to Merged Area A, and provide small business assistance and development. Redevelopment activities include façade improvement programs, business outreach, Enterprise Zone administration, and efforts to augment benefits provided through the Small Business Administration 7(a) Loan Program. The Agency estimates \$20 million in project costs for economic development activities through the life of the Merged Plan.



3.6.4 PROJECT AREA REDEVELOPMENT POTENTIAL

As part of the redevelopment process it is anticipated that additional development will occur within this part of the City. Existing development within the Project Area includes commercial (hospitality, general and regional commercial, auto-oriented commercial, and service commercial uses), industrial (distribution, manufacturing, warehousing) school/civic/institutional, residential (single- and multi-family), and public facilities uses. In addition, a significant portion of the Project Area is undeveloped (approximately 460 acres), including vacant developable land and areas along the Santa Ana River reserved for flood control purposes. Of the approximately 460 acres identified as vacant, it is estimated that approximately 265 acres of land is considered developable due to lack of constraints (i.e. designated as open space, located within a 100-year floodplain, undevelopable due to a physical condition).

Redevelopment of these properties, excluding those areas that have development constraints, is anticipated to occur, which would increase demand for public services and utility connections/services within this part of the City. At this time, all development will remain consistent with the existing General Plan land use and Zoning designations within the Project Area. Therefore, the proposed project will be consistent with the City's General Plan goals and policies upon implementation. Table 3-4, Redevelopment Potential Within Project Area, identifies the amount of potential commercial, industrial, and residential development that could occur subsequent to the adoption of the proposed project. This development potential was calculated in two ways: 1) vacant land and 2) specific redevelopment projects.

VACANT LAND ANALYSIS

Based on the vacant parcels identified in the *Preliminary Report* prepared by RSG (January 2010), RBF identified the vacant parcels that were considered undevelopable due to a physical (located within a floodplain) or regulatory (zoned for open space) constraint. Once all vacant developable parcels were identified, RBF confirmed the identified General Plan land use and zoning designations for these parcels with City Staff, which provided a basis to assess the development potential within each property. This analysis determined the following development potentials could be developed on the 265 acres of vacant land within the Project Area:

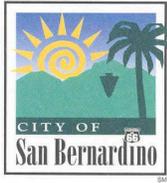
- Approximately 3.22 million square feet of commercial and office uses⁵
- Over 500,000 square feet of industrial uses
- 788 multi-family residential units

A detailed table identifying the development potential for each of the seven redevelopment areas within the Project Area is provided in Appendix G, Vacant Land Development Potential.

IDENTIFIED NEAR-TERM REDEVELOPMENT PROJECTS

Based on current discussions with potential developers and property owners within the Project Area, preparation/recent adoption of plans/projects within the Project Area, and the Agency's goals/plans for eliminating blight and expanding jobs/housing opportunities throughout this part

⁵ Includes development potential for commercial retail and office uses along or near Hospitality Lane within the Tri-City and Southeast Industrial Park Project Areas.



of the City, EDA staff has identified several redevelopment projects likely to develop within the foreseeable future. These projects are listed in Table 3-5, *Identified Near-Term Redevelopment Projects*. In addition to the redevelopment of the vacant parcels within the Project Area, the development potential of identified redevelopment projects within the Project Area is:

- 667,000 square feet of retail/general commercial use
- 1.49 million square feet of commercial office use
- 300,000 square feet of commercial lodging uses
- 355 multi-family residential units

As indicated in Table 3-5, some of the projects are associated with larger projects that are currently being designed, planned, and/ or constructed within the Project Area or vicinity.

**Table 3-4
Redevelopment Potential Within Project Area**

Development Potential	Commercial			Industrial	Residential	Notes
	Retail/General	Office	Lodging			
Vacant Land Analysis						
Vacant Land Analysis ¹	2,309,894 SF	909,780 SF		518,916 SF	788 DU	
Identified Redevelopment Projects						
Carousel Mall Redevelopment Project	377,000 SF	800,000 SF	300,000 SF		750 DU	
Heritage Square	30,000 SF					
Redevelopment of Former Military Facilities at 3 rd & Waterman	90,000 SF					
Seccombe Lake Village	50,000 SF				125 DU	
Arrowhead Credit Union Headquarters Campus	25,000 SF	190,000 SF				Accommodate 1000+ employees (225 new)
Theater District Implementation	25,000 SF					
Intermodal Station and Transit-Oriented Development	75,000 SF	500,000 SF			170 DU	
TOTAL	2,981,894 SF	2,399,780 SF	300,000 SF	518,916 SF	1,833 DU	
Notes: 1. Includes development potential for commercial retail and office uses along or near Hospitality Lane within the Tri-City and Southeast Industrial Park Project Areas. SF = square feet; DU = dwelling unit						



In total, the redevelopment potential within the Project Area is:

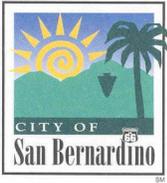
- 5,681,674 square feet of commercial (retail, general, office, lodging) uses
- 518,916 square feet of industrial uses
- 1,833 multi-family residential units

**Table 3-5
Identified Near-Term Redevelopment Projects**

Activity Description	Project Area(s)
Carousel Mall Redevelopment Project: Investigate possible new uses at Carousel Mall as identified in the Downtown Core Vision/Action Plan, including a potential new government center and urban retail and housing uses to complement existing retail.	Central City Projects
Heritage Square: Develop Court Street as the “Heritage Square” District as identified by the Downtown Core Vision/Action Plan.	Central City North
Redevelopment of Former Military Facilities: Enter into an agreement with a developer for demolition/site clearance of former military facilities at Third Street and Waterman Avenue for neighborhood-supporting retail uses.	Central City Projects
Seccombe Lake Village: Development of 12.5 acres of land into mixed use development of high and low density residential and retail on the northeast corner of Sierra Avenue and 5 th Street.	Central City Projects
Arrowhead Credit Union Headquarters Campus: Continue to work with Arrowhead Credit Union for relocation of corporate facilities. Arrowhead Credit Union has acquired undeveloped and dilapidated properties to the west of the above site to provide additional space for a third building for the Arrowhead Central Credit Union Corporate headquarters campus site.	Central City Projects
Theater District Implementation: Studies, improvements, and implementation activities to create a Downtown Theater District and development of retail/restaurant pads.	Central City North
sbX Implementation: Facilitate implementation of the sbX Bus Rapid Transit Project in the Downtown Core, including transit-oriented development and brownfields assessment/ remediation.	Central City North/ Central City Projects/ ALL
Intermodal Transit Station: Design and construction of an Intermodal Transit Station located at the Southwest corner of Rialto and E Street on a vacant 4.5-acre parcel to replace current bus transit mall along 4 th Street.	
sbX Transit-Oriented Development: Study and enter into development agreements for transit-oriented development projects along the sbX line.	

3.7 ASSUMPTIONS FOR ENVIRONMENTAL ANALYSIS

As noted in Section 2.0, Introduction, a Program EIR has been prepared for the proposed project, described above in Section 3.6, Project Characteristics. As such, this Program EIR has reviewed the overall development potential for both vacant land and identified near-term redevelopment projects; however, site-specific impacts with the near-term redevelopment projects or specific capital improvement projects have not been reviewed.



Subsequent individual development projects and/or capital improvement projects proposed within the City will be reviewed in the context of this Program EIR and the General Plan EIR to determine if additional environmental documentation is required. If the subsequent project would have site-specific environmental effects not addressed in the Program EIR and/or General Plan EIR, additional environmental review will be required. Where no new effects and no new mitigation measures are involved, the subsequent project can be approved without additional environmental documentation. Where an EIR or Mitigated Negative Declaration (MND) is required for a subsequent project, the EIR or MND should implement the applicable mitigation measures developed in the Program EIR, and focus its analysis on site-specific issues not previously addressed.

3.8 PHASING

Individual improvement and redevelopment projects would occur in incremental phases over time, based largely on economic considerations, financial feasibility, infrastructure improvements, market demand, and other planning considerations. The phasing and exact details of each project would be evaluated by the Agency on a case-by-case basis.

3.9 AGREEMENTS, PERMITS, AND APPROVALS

Following a determination that the Final EIR is adequate and certification of the Final EIR by the Community Development Commission, a Notice of Determination (NOD) would be issued by the Agency. In addition, adoption of the proposed San Bernardino Merged Area A Merger & Amendments would be the responsibility of the Mayor and Common Council. Redevelopment projects, to the extent not already analyzed in accordance with the proposed project, could be subject to additional environmental review on an individual basis, in accordance with the provisions of *CEQA Guidelines* Section 15168, as determined by the Agency.



San Bernardino Merged Area A – Merger and Amendments Program Environmental Impact Report

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