

District Board Members

Blaine Maynor  
Division 1  
Nicole Johnson  
Division 2  
Randy Mendosa  
Division 3  
Eric Loudenslager - President  
Division 4  
Jason Akana - Vice President  
Division 5



District Staff

Justin McDonald  
Fire Chief  
Becky Schuette  
Clerk of the Board

**Special Board Meeting**  
**January 19, 2024**  
**4:00 PM**  
**Location: 631 9<sup>th</sup> Street, Arcata**  
**Arcata Station Classroom**

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**AGENDA**

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**CALL TO ORDER**

**ATTENDANCE & DETERMINATION OF QUORUM**

**PUBLIC COMMENT/ASSOCIATION REPORTS**

*Any person may address the District Board on any subject pertaining to District business, which is not listed on the agenda. This comment is provided by the Ralph M. Brown Open Meeting Act (Government Code § 54950 et seq.) and may be limited to three (3) minutes for any person addressing the Board. Any request that requires Board action may be set by the Board for a future agenda or referred to staff.*

**DISTRICT BUSINESS**

1. Receive a Presentation from David Loya and Consider Approval of Compensation Agreement Terms Sheet **Pg. 3**
  - a. Attachment 1 - PowerPoint Presentation Slides **Pg. 5**
  - b. Attachment 2 - Compensation Agreement Terms Sheet **Pg. 26**

**ADJOURNMENT**

Next Regular Board Meeting is scheduled for February 13, 2024, in the Arcata Downtown Station Classroom, 631 9<sup>th</sup> Street in Arcata at 5:30 pm.

*The Arcata Fire Protection District ("District"), in compliance with the Americans with Disabilities Act ("ADA"), individuals who require special accommodations to access, attend and/or participate in District board meetings due to a disability, shall make their request by calling (707)825-2000, no later than 48 hours in advance of the scheduled meeting time. In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority of, or all, the Board in advance of a meeting may be viewed at 2149 Central Avenue, McKinleyville, California or at the scheduled meeting. In addition, if you would like a copy of any record related to an item on the agenda, please contact the Board Secretary, at (707) 825-2000.*

*The meeting agenda is posted at least 72 hours in advance of regular scheduled meetings, at the following locations:*

- *District's Headquarters' Building, 2149 Central Avenue, McKinleyville, CA 95519*
- *Arcata Downtown Station, 631 9<sup>th</sup> Street, Arcata, CA 95521*
- *Mad River Station, 3235 Janes Road, Arcata, CA 95521*
- *The Arcata Fire Protection District website: [www.arcatafire.org](http://www.arcatafire.org)*

**Date:** January 19, 2024  
**To:** Board of Directors, Arcata Fire District  
**From:** Justin McDonald, Fire Chief  
**Subject:** Receive Presentation from David Loya and Consider Approval of Compensation Agreement Terms Sheet

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### **Background**

Community Development Director, David Loya, from the City of Arcata is presenting a PowerPoint Presentation included in the Board packet.

The item was originally discussed in the absence of Mr. Loya due to a scheduling conflict. The Directors had questions and therefore requested the topic be rescheduled for a date when he could be present to answer their questions.

The City of Arcata is seeking to create a compensation agreement with the Fire District to dispose of Redevelopment Agency properties-- Little Lake and Happy Valley.

For decades, Arcata's Redevelopment Agency used property taxes to redevelop vacant land to allow businesses and housing to be built with the goal of increasing base property tax values and adding back dollars to the property tax roll. Redevelopment Agencies were dissolved by the State in 2012, and as the "Successor Agency" the City went through the dissolution process. The City developed a "Long Range Property Management Plan" to determine the fate of Little Lake and Happy Valley, which was approved by the State Department of Finance. The Long-Range Management Plan states that the 12 Taxing Entities (local agencies which receive a share of property taxes) will receive a share (proportional to the share of property taxes) of the "agreed upon value" of the properties.

The City is proposing that the taxing entities' share in the investment and the increased revenues of the properties that redevelopment will generate (see Terms Sheet). By accepting the terms sheet, the taxing entities will agree to a property value and payment structure that will allow the City to invest infrastructure into the properties to make them suitable for development by the private market. The City will work to market the properties to local businesses looking to grow and invest in Arcata. As these properties sell and business grows, the increased tax revenue from higher value properties will recoup the taxing entities' investment, over time. Based on this proposal, Happy Valley, currently a log deck, would be subdivided and developed to become a business park. Little Lake, currently a contaminated vacant site by the marsh, would become a mixed-use site with a park, commercial site, and swales.

At this point, the City has met with staff from eleven of the twelve Taxing Entities and has received positive feedback on their proposal. The taxing entities will each need to approve the agreement terms before the formal agreement is drafted. The City anticipates seeing board approval from each taxing entity over the next four to five months. To date, the Harbor District Board and the Humboldt Bay Municipal Water District Board have heard the proposal. The Harbor District is the only entity that has acted on the matter.

**Recommendation**

Staff recommends the Board receive the presentation from David Loya, consider the information provided, take public comment, discuss, and approve the Compensation Agreement Terms as presented by the City of Arcata.

**District Funds Requested/Required**

- No Impact/Not Applicable
- Funding Source Confirmed:
- Other:

**Alternatives**

The Board has the following alternatives:

1. Take no action

**Attachments**

- Attachment 1 – PowerPoint Presentation Slides
- Attachment 2 – Compensation Agreement Terms Sheet

# Redevelopment Agency Dissolution Property Compensation Agreements

David Loya

Community Development Director  
City of Arcata  
dloya@cityofarcata.org

Kiko Barr

Community Development Specialist  
City of Arcata  
kbarr@cityofarcata.org

# Topics

- Overview of Redevelopment
- Brief history of dissolution
- The “ask” in a nutshell
- Why/how this works
- Extra topics as interest dictates

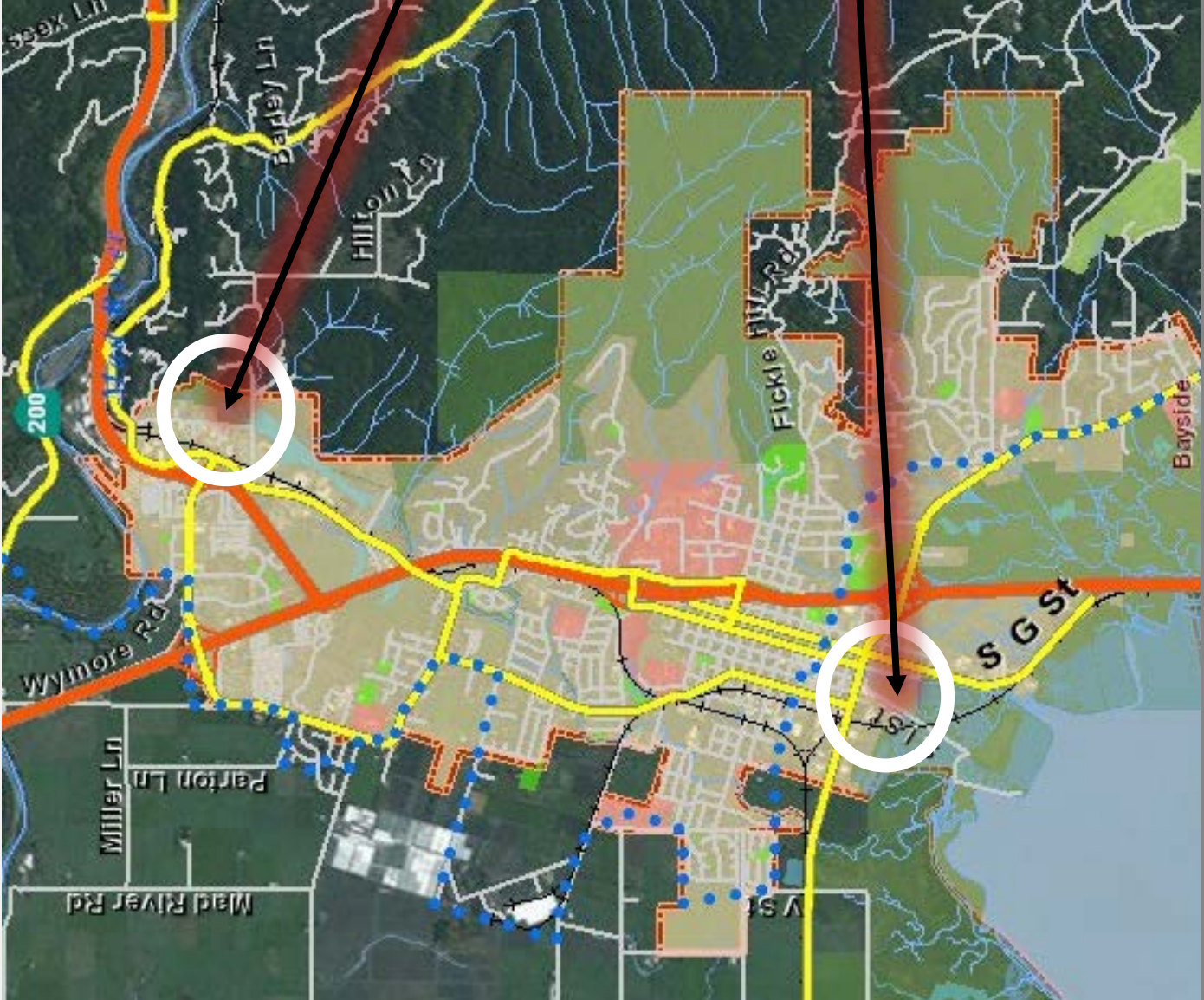




Redevelopment Agency  
Properties

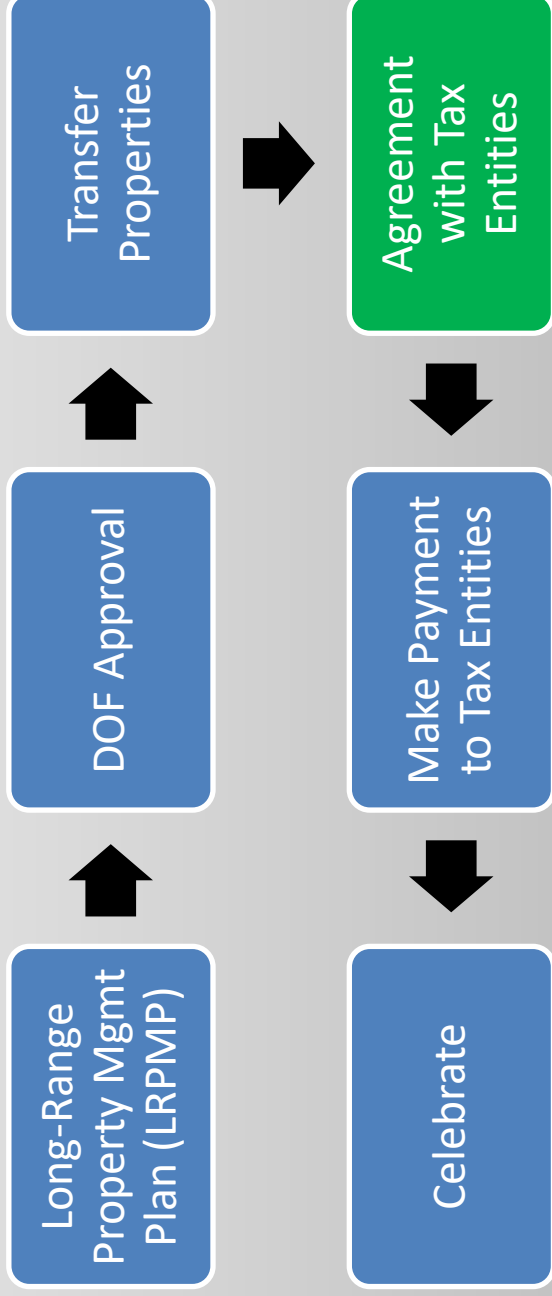
Happy Valley Business Park

Little Lakes Mixed Use Site





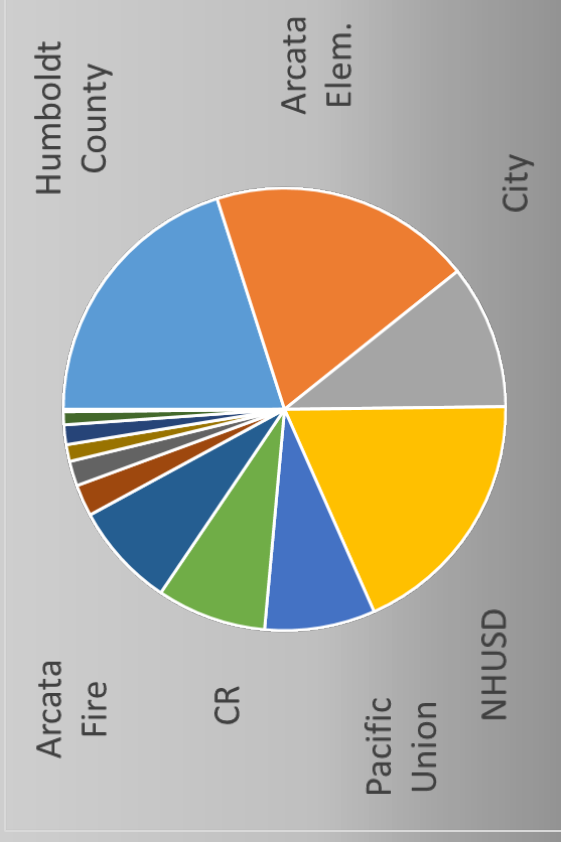
# Dissolution History



# Compensation Agreement

- Affected Tax Entities get
- Proportional Share of
  - **Agreed Value**
  - Based on Entities' Tax Share

Share of Allocation = Property Tax Allocation



# Plan A - Compensation Agreement

## Key Terms

- Happy Valley value \$563,000
- Little Lake value \$200,000
- 1X Compensation at 33% of value now
- Invest remainder in redevelopment
- City to invest 100% of share into redevelopment
- Anticipate cumulative redeveloped tax revenue to replace 67% share in 7-10 years
- Increased revenue in perpetuity

# Plan B – Sell Properties as is

- Properties listed on open market
- 1X Compensation of sale price \* Agency share
- Low/no long-term gains to property tax roll

# Agency Total Revenue

Agency	%
County	14.7
Arcata Elem.	14.7
No. Hum HS	14.2
Pac Union Elem.	6.2
CR	6.1
Arcata Fire	5.9
Library	1.7
School Service	1.4
No. Hum. Rec & Park	1.2
HBMWD	1.1
Harbor District	0.7
Jacoby Cr Elem.	0.1
	<b>68%</b>

\*City of Arcata related and ERAF excluded

# Agency Total Revenue

Agency	%	Total*
County	14.7	\$111,966
Arcata Elem.	14.7	112,082
No. Hum HS	14.2	108,487
Pac Union Elem.	6.2	47,074
CR	6.1	46,807
Arcata Fire	5.9	45,306
Library	1.7	12,622
School Service	1.4	10,606
No. Hum. Rec & Park	1.2	9,403
HBMWD	1.1	8,432
Harbor District	0.7	5,504
Jacoby Cr Elem.	0.1	512
	<b>68%</b>	<b>\$518,801</b>

\*City of Arcata related and ERAF excluded



# Agency Total Revenue

33%

Total\* Compensation  
Payment

%

Agency

County	14.7	\$111,966	\$36,531
Arcata Elem.	14.7	112,082	36,568
No. Hum HS	14.2	108,487	35,396
Pac Union Elem.	6.2	47,074	15,359
CR	6.1	46,807	15,271
Arcata Fire	5.9	45,306	14,782
Library	1.7	12,622	4,118
School Service	1.4	10,606	3,460
No. Hum. Rec & Park	1.2	9,403	3,068
HBMWD	1.1	8,432	2,751
Harbor District	0.7	5,504	1,796
Jacoby Cr Elem.	0.1	512	167

**\$169,267**

**\$518,801**

**68%**

\*City of Arcata related and ERAF excluded

# Agency Total Revenue

Agency	%	Total*	Compensation Payment	Investment into Redevelopment
County	14.7	\$111,966	\$36,531	\$75,435
Arcata Elem.	14.7	112,082	36,568	75,513
No. Hum HS	14.2	108,487	35,396	73,091
Pac Union Elem.	6.2	47,074	15,359	31,715
CR	6.1	46,807	15,271	31,535
Arcata Fire	5.9	45,306	14,782	30,525
Library	1.7	12,622	4,118	8,504
School Service	1.4	10,606	3,460	7,146
No. Hum. Rec & Park	1.2	9,403	3,068	6,335
HBMWD	1.1	8,432	2,751	5,681
Harbor District	0.7	5,504	1,796	3,708
Jacoby Cr Elem.	0.1	512	167	345
	<b>68%</b>	<b>\$518,801</b>	<b>\$169,267</b>	<b>\$349,534</b>

\*City of Arcata related and ERAF excluded

# Possible Outcomes

Subdivide and Redevelop Both Sites

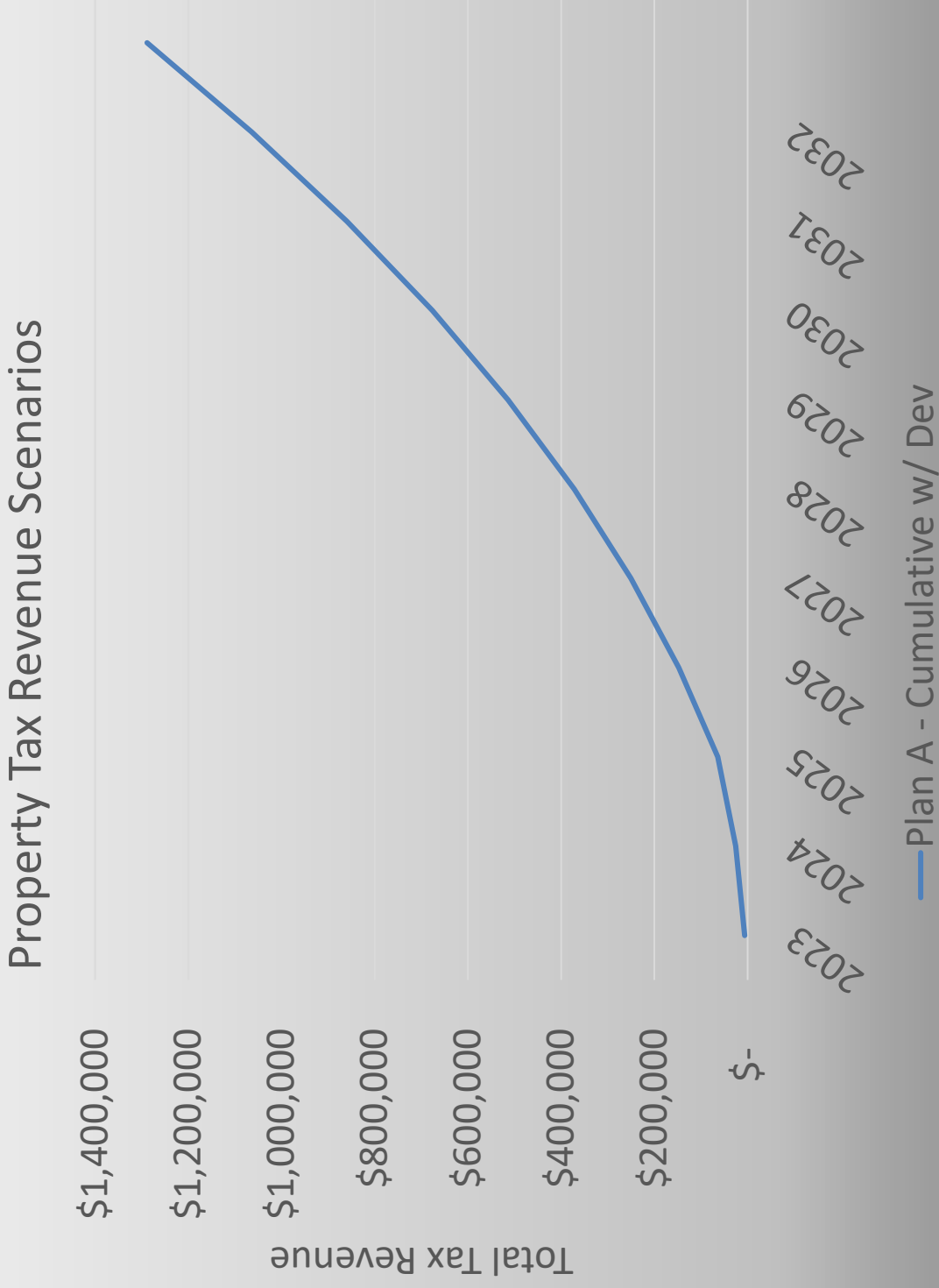
Happy Valley



Little Lake



# Possible Outcome – Plan A



22 parcels sold/developed over next 10 years



# Possible Outcomes

One project per site over next 10 years



# Possible Outcome – Plan B

## Property Tax Revenue Scenarios



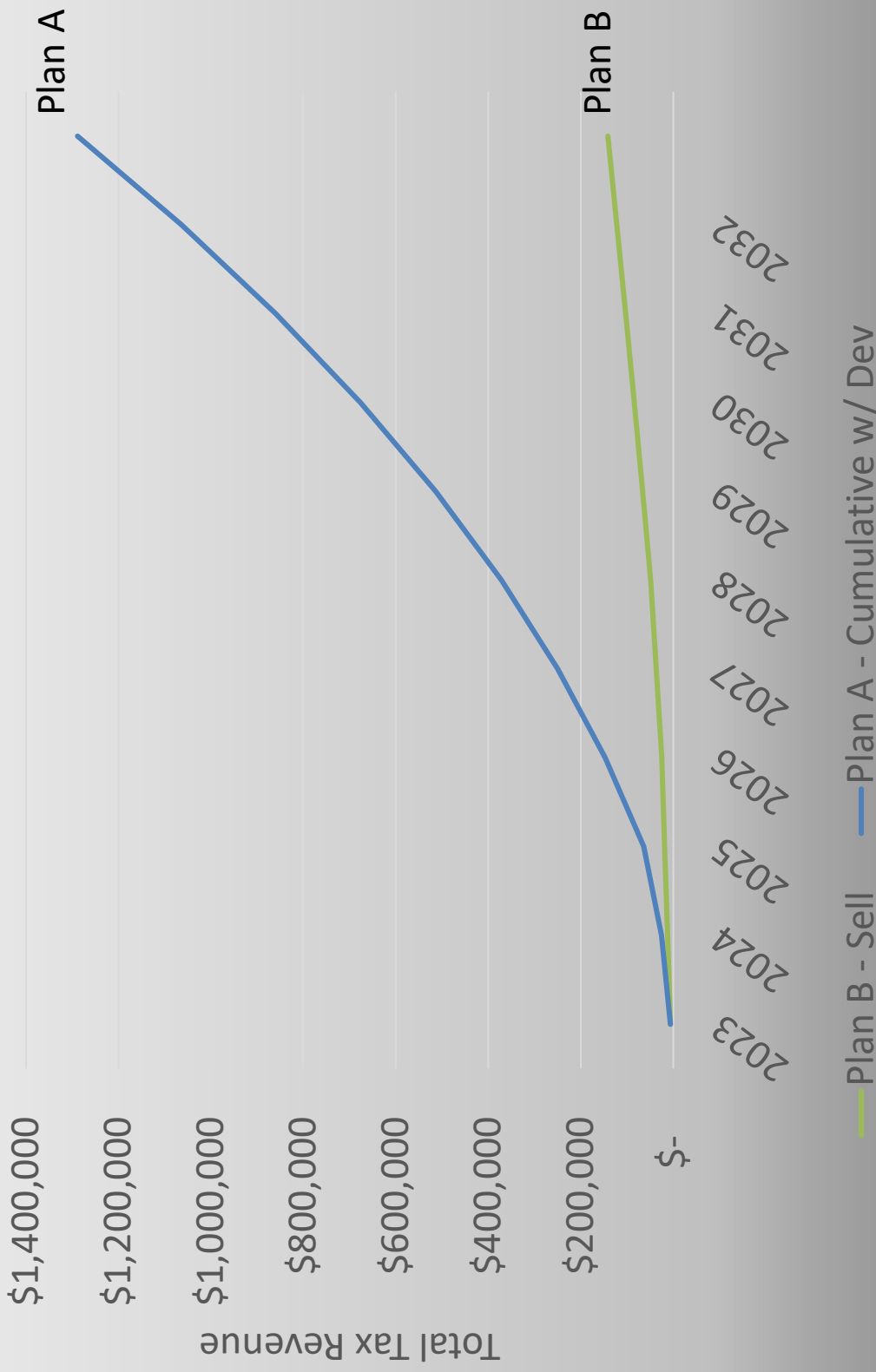
Plan B - Sell

One project per site over next 10 years



# Possible Outcomes

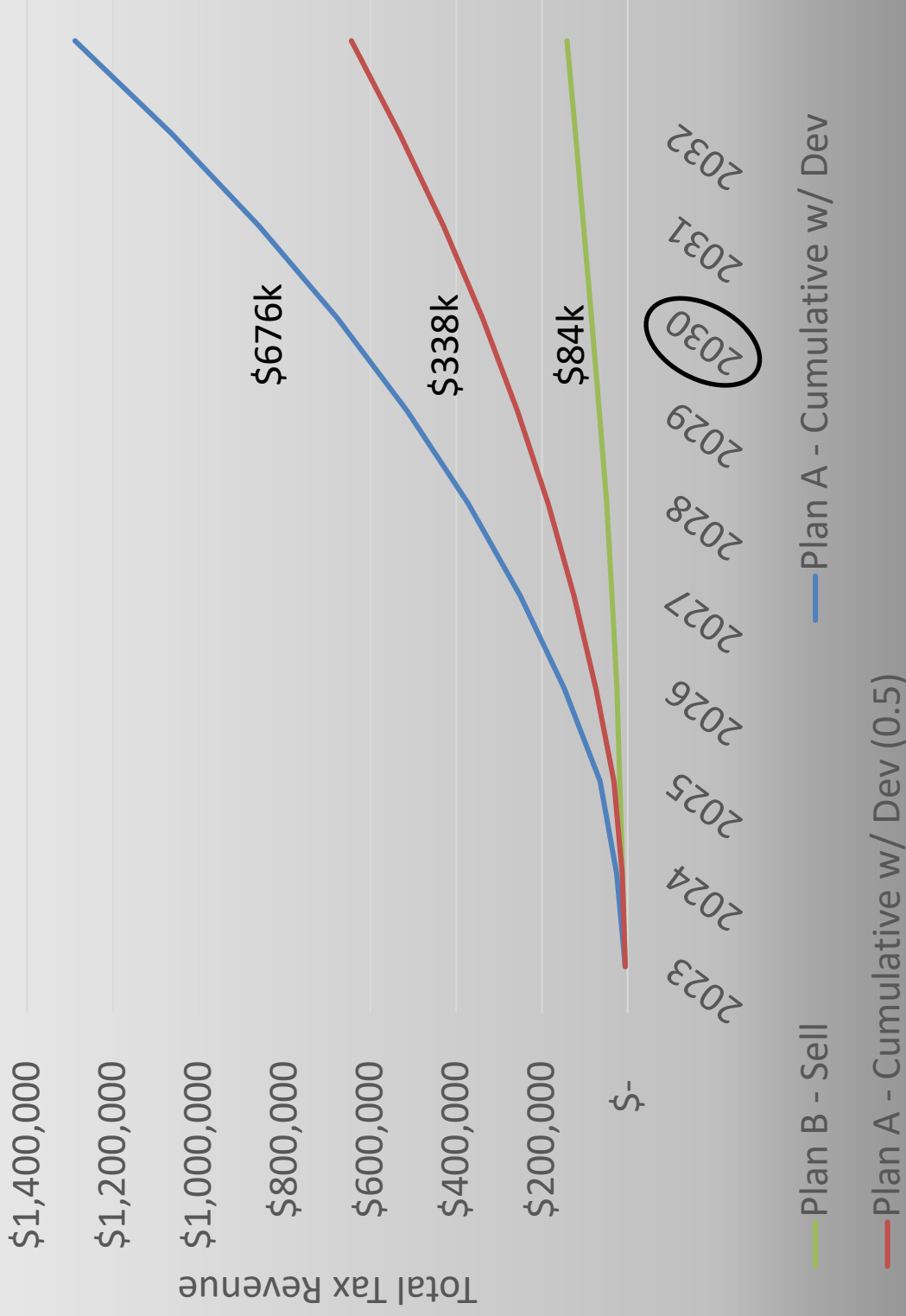
## Property Tax Revenue Scenarios



22 parcels sold/developed over next 10 years

# Possible Outcomes

## Property Tax Revenue Scenarios



Off by 1/2 over next 10 years

Total 7-year Valuation

**\$14.2M**

Tax Revenue Annually @  
year 7

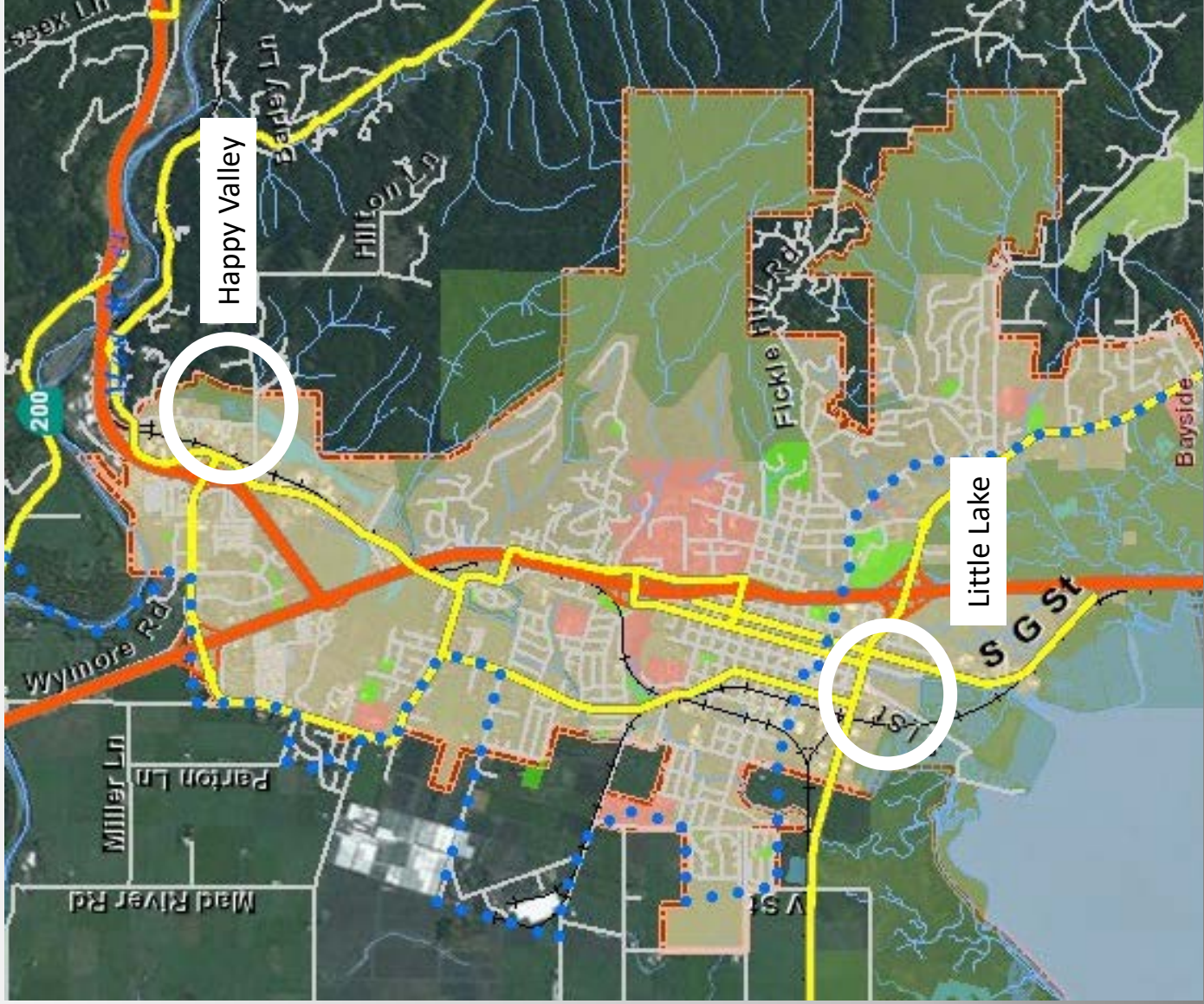
**\$142K**

Tax Revenue Annually @ Full  
Redevelopment

**\$240K**

Undeveloped Annual Tax  
Revenue

**<\$10K**



# Track Record of Success

Property Tax 2022

Aldergrove Industrial Park

Past Performance

Secured	\$ 19.3M
Unsecured	\$ 6.0M
Total	\$ 25.3M

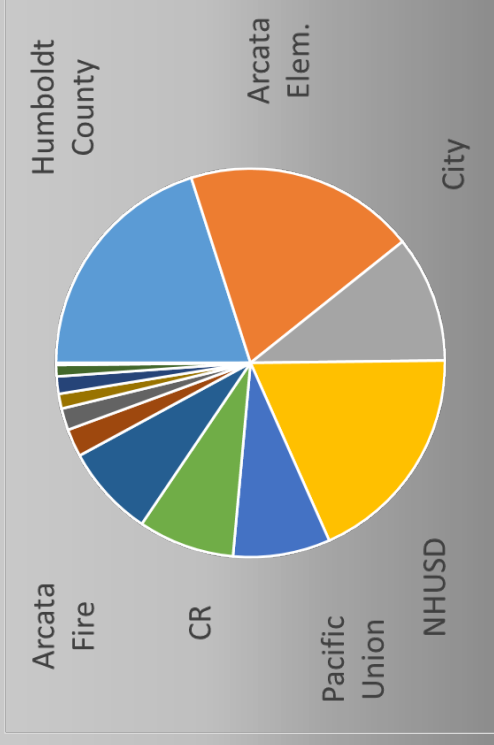
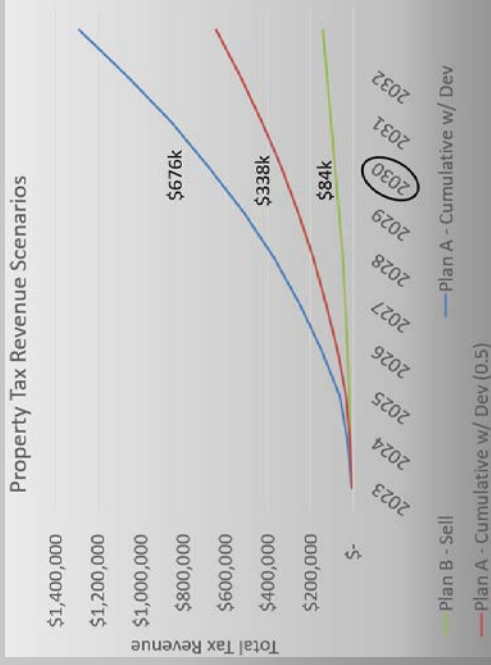




# Plan A - Compensation Agreement

## Key Terms

- Happy Valley value \$563,000
- Little Lake value \$200,000
- 1X Compensation at 33% of value now
- Invest remainder in redevelopment
- City to invest 100% of share into redevelopment
- Anticipate cumulative redeveloped tax revenue to replace 67% share in 7 years



**City of Arcata**  
**Redevelopment Agency Dissolution**  
**Compensation Agreement**  
**Terms Sheet**

Purpose. The purpose of this Agreement is to address the allocation of certain prospective revenues among the Taxing Entities that share in the property tax base (“Tax Base”) for property located within any of the City of Arcata redevelopment project area (the “Project Area”) formerly administered by the Arcata Community Development Agency (“Redevelopment Agency”).

Properties to be Retained for Development. The Long-Range Property Management Plan provides that pursuant to Health & Safety Code §34191.5(c)(2), two properties formerly owned by the Successor Agency will be transferred to the City for disposition consistent with the Implementation Plan, Economic Development Strategic Plan, General Plan, and Coastal Land Use Element, Land Use Code, and Coastal Zoning Ordinance.

Compensation.

1. The property value is agreed by the Parties to be:

Happy Valley	\$ 562,000
Little Lake	<u>200,000</u>
Total	\$ 762,000

2. The Taxing Entities will receive a share of the agreed value equal to each Taxing Entity’s share of the Tax Base (Attachment A).
3. Educational Revenue Augmentation Fund is not a Taxing Entity and is excluded from the Agreement.
4. City will make payment within 90 days of entering the agreement.

Compensation Investment.

5. The Parties Agree to receive 33% of value in immediate compensation
6. The difference between full market value and Taxing Entities’ compensation must be invested in redeveloping the properties, increasing the Tax Base value, the benefit of which will flow to the Taxing Entities as property tax revenue.
7. City agrees to invest the balance in redeveloping the Development Properties within two years of date of agreement.
8. City agrees to invest 100% of its share into redeveloping the Development Properties.



**Attachment A**  
**City of Arcata**  
**Redevelopment Agency Dissolution**  
**Compensation Agreement**

<b>Agency</b>	<b>Tax Share</b>	<b>Total Property Value</b>	<b>Taxing Entity Compensation</b>	<b>Redevelopment Investment</b>
<b>Combined Property Value</b>		<b>\$ 762,600</b>		
County of Humboldt	14.68%	\$ 111,966	\$ 36,531	\$ 75,435
Arcata Elementry (School District)	14.70%	112,082	36,568	\$ 75,513
City of Arcata	7.90%	-	-	60,281
Northern Humboldt Unified School District	14.23%	108,487	35,396	\$ 73,091
Pacific Union Elementary	6.17%	47,074	15,359	\$ 31,715
Redwoods Jr. College	6.14%	46,807	15,271	\$ 31,535
Arcata Fire District	5.94%	45,306	14,782	\$ 30,525
County Library	1.66%	12,622	4,118	\$ 8,504
County School Service	1.39%	10,606	3,460	\$ 7,146
North Humboldt Rec & Park District	1.23%	9,403	3,068	\$ 6,335
Humboldt Bay Municipal Water	1.11%	8,432	2,751	\$ 5,681
H Bay Harbor Rec & Conservation	0.72%	5,504	1,796	\$ 3,708
Janes Creek Storm Drainage	0.06%	-	-	458
Jacoby Creek Elementary School	0.07%	512	167	\$ 345
<b>Total</b>		<b>\$ 518,801</b>	<b>\$ 169,267</b>	<b>\$ 410,273</b>