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VALLEJO COUNCIL APPROVES \$125 MILLION MEMORANDUM OF UNDERSTANDING WITH TRIAD COMMUNITIES FOR DOWTOWN DEVELOPMENT

VALLEJO – The Vallejo City Council unanimously approved a Memorandum of Understanding with Triad Communities Inc. for a \$125 million project to develop downtown Vallejo.

"Someone else said this early tonight, but I agree with them," Vallejo Mayor Tony Intintoli said. "Without developing the downtown, Vallejo will never reach its potential."

The City's overall investment in the project will be about \$5.5 million, or about 5 percent of the total cost of the project. The project calls for a three phases to be implemented in a 12- to 14-block area in downtown Vallejo bordered by Santa Clara Street, Capitol Street, Sonoma Boulevard and Maine Street. Earlier in the evening the Council approved a \$2.8 million loan for improvements to the Empress Theatre, located on Virginia Street, considered key to the success of the project.

"In 26 years of doing this I have never seen a community come together like this on a project like this," said Curt Johansen, Vice President with Triad Communities, Inc. "It's amazing and we will get to work right away."

Andy Plescia, who was brought on by the City to assist with the MOU, outlined three main points of the MOU directly related to the project: A land transaction which conveys seven properties to Triad; payment of development fees by the City's redevelopment agency, which would then be repaid over time by new tax increment; and the City's investment in public improvements.

"These projects tend to need that initial bump to get started, but they tend to spur other developments and investments to the area," said Andy Plescia. "Once started, they bring residents and others to support the area."

Interim Finance Director Tom Sinclair outlined the financial impacts on the City, noting that two independent surveys found that the tax increment generated by the project would bring approximately \$27 million to the City's General Fund over the course of the project area life.

While there is a potential for improving the City's financial standing, there's also a level of risks that need to be assumed as well.

"There are other plans in place that might be directly affected by the downtown project," City Manager David Martinez said. We have an energy plan in place, our Capital Improvement Program that calls for a new police and fire facility along with an emergency operations center, and we should also be putting more money into our streets as well."

Martinez said these competing projects will come before the council in the future, and difficult decisions will need to be made.

"The best kinds of risk are those that are reasonably calculated and destined for success," said Vice Mayor Gary Cloutier. "With our proximity to San Francisco and our ferry service there's no question this project will be successful. In terms of the economic benefits we cannot hope to rehabilitate the city unless the downtown has a new wonderful face on it and that's what this project will do. Anything the city can do to make this successful should be considered."

Iris Yang, legal counsel for the City on the MOU, said there would be wording in the various agreements

"We'll make sure there's a level of commitment on both sides and performance guarantees in the agreement," Yang said.

"We're really committed to see this thing go," Martinez said. "The schedule is pretty fast moving."