

Lompoc Redevelopment Agency

Agenda Item



Meeting Date: February 1, 2011

TO: Laurel M. Barcelona, City Administrator/Executive Director

FROM: Linda R. Wertman, Redevelopment Program Coordinator
e-mail: l_wertman@ci.lompoc.ca.us

SUBJECT: BOARD CONSIDERATION OF THE USE OF TAX INCREMENT FUNDING FOR A CONSULTANT CONTRACT TO PERFORM INITIAL FEASIBILITY ANALYSIS OF OLD TOWN PROPERTIES INTERESTED IN APPLYING FOR NEW MARKET TAX CREDIT FUNDING TO IMPROVE SEVERAL OLD TOWN BUILDINGS AND PROPERTIES.

RECOMMENDATION:

Staff requests Board consideration of the attached scope of work and proposed service contract with Tim Sales, to perform a feasibility analysis on several Old Town properties ability to apply for New Market Tax Credit funding.

If approved, then (i) authorize the Executive Director or her designee to execute all documents necessary to enter into a contract not to exceed \$10,000 to perform that analysis in accordance with this report and (ii) direct General Counsel to prepare an appropriate agreement.

BACKGROUND/DISCUSSION:

On December 16, 2010, the Chamber of Commerce invited Tim Sales, an Urban Planner and Economic Development Consultant, to talk with the Chamber Community 2020 group, property owners participating in the Unreinforced Masonry (URM) Engineering Assessment Project, and other interested parties. The subject of the discussion was the idea of accessing New Market Tax Credit financing to assist with a portion of the cost to improve several downtown buildings and properties. The property owners were generally in agreement that they would like to hear more about the possibility of forming a group that could apply for this funding. At that meeting the Redevelopment Agency was identified as a possible funding source for an initial study that would determine if it is feasible to apply for this funding.

City of Lompoc/Redevelopment Agency Agenda Item

Feasibility Study - Consultant Contract

February 1, 2011

Page 2 of 3

The Community 2020 group identified the need to widen the participation offer to all Old Town Commercial property owners. On January 14, 2011, a letter was sent by the Chamber to all owners of property currently zoned Old Town Commercial (OTC), inviting the property owners to attend a meeting with Tim Sales and other interested parties on January 19, 2011, at 9:30 a.m. in Council Chambers. The purpose of the meeting was to gather consensus among owners on participation and determine if property owners were interested in having a study performed to determine the feasibility of applying for New Market Tax Credit financing. There were eight (8) property owners present at the meeting and they all indicated they were interested in hearing more about the New Market Tax Credit option and if it would work with their individual properties.

Staff has attached the Proposed Initial Scope of Work submitted by Tim Sales for the feasibility study. The proposed contract between the Agency and Tim Sales for the identified work would be for a total amount not to exceed \$10,000, including travel and other out-of-pocket expenses. If the study finds the Old Town property owners would have a competitive application, it is likely an additional \$50,000 would be needed by property owners to put together the attorneys, accountants and other project consultants to compile the information to submit a competitive application for funding.

Due to the time sensitivity of the New Market Tax Credit application round, it would be necessary to complete this initial study fairly quickly, in order to determine if an application could be submitted in this upcoming round. The date for the release of the Notice of Funds Available (NOFA) has not been announced as of the date of this report.

Staff anticipates Mr. Sales providing the Agency Board an update on this project at a regular public Agency Board meeting shortly after he completes his feasibility study. Also, any materials or data prepared by Mr. Sales pursuant to this contract will become the property of the Agency upon payment of the fee.

CONCLUSION:

The Agency would fund this proposed initial study with funding from the \$50,000 budgeted for Economic Development in FY10-11. This type of study could be the first step toward renovating Old Town Properties. Additionally, if the property owners are successful in forming a group, and submitting a successful application, it could be the incentive property owners need to renovate their buildings, perform the necessary deferred maintenance and improve their leasable space, which would encourage new businesses to locate to Old Town.

The Board should be aware this feasibility study may find some of the downtown buildings cannot support higher rents or take on any additional debt that may be required to fully renovate the property. Some property owners may only wish to perform repair work and not fully renovate their property, while others may be

City of Lompoc/Redevelopment Agency Agenda Item

Feasibility Study - Consultant Contract

February 1, 2011

Page 3 of 3

ready to move forward with full renovation or construction. The analysis may demonstrate, in the current economic market, the property owners wishing to participate cannot generate projects that would be competitive enough to obtain the Tax Credits.

This feasibility study will explore the impediments to Old Town renovation by reviewing and analyzing each property owner's needs and potential. The general economic viability of each of the properties will assist Agency staff when developing new economic development programs, to assist our current business and commercial property owners.

Linda R. Wertman
Redevelopment Program Coordinator

**APPROVED FOR SUBMITTAL TO THE REDEVELOPMENT AGENCY
EXECUTIVE DIRECTOR:**

Arleen T. Pelster, AICP
Community Development Director/Deputy Director

APPROVED FOR SUBMITTAL TO CITY REDEVELOPMENT AGENCY BOARD:

Laurel M. Barcelona
City Administrator/Executive Director

Attachments: [Proposed Initial Scope of Work](#)
 [Tim Sales Resume](#)

Erosion
Deterioration