

Lompoc Redevelopment Agency

Annual Budget 2008-2009



Dick DeWees, Chair

DeWayne Holmdahl

Ann Ruhge

William Schuyler

Michael Siminski

Gary P. Keefe, Executive Director

Introduction

The annual budget process is one of the reporting opportunities that the Lompoc Redevelopment Agency has to comprehensively review its actions and accomplishments, as well as present its vision for the coming year, and propose the fiscal means by which its vision will come to fruition.

In accordance with Section 33606 of the California Health and Safety Code, this budget document presents:

- An evaluation of the previous year's accomplishments;
- Goals for the fiscal year;
- A Work Program of possible projects; and,
- The Agency's anticipated revenues, indebtedness, and proposed expenditures.

Previous Year's Accomplishments

Fiscal year 2007-2008 resulted in the financing of three housing projects and two commercial business loans, which utilized Commercial Façade Improvement funds and Commercial Rehabilitation funds. Work also progressed on two public facility projects the Agency has been working on for the last several years to enhance the Old Town.

The Lompoc Aquatic Center remains the Agency's largest investment of tax increment funds to date. The Agency's plaque purchase was delayed this year but should be accomplished in FY08-09 in recognition of the Agency's contribution to the Aquatic Center. The Agency will continue to debt service the Aquatic Center bond over the next 27 years. Interest payments of \$310,410 and a principal reduction of \$150,000 were made by the Agency in FY07-08 as well as \$1,213.46 for the Bond Trustee Fees.

The Agency is again feeling the effects of staff turnover. The training period for new staff impacts the Agency's ability to perform quick turn-around times on projects and loans, and impairs the Agency's ability to develop new programs and take on new projects.

HOUSING ACTIVITIES:

\$\$\$ CalHFA HELP Loan

The Agency received two loan allotments from the California Housing Finance Authority; \$1,000,000 in August 2000 and \$750,000 in April 2003.

All funds have been loaned out to projects and will continue to be recycled to other projects as available.

On March 6, 2007, the Redevelopment Board approved an \$800,000 CalHFA Help loan to Santa Barbara Housing Assistance Corporation GP, 513 North "G" Limited Partnership to assist in the housing portion of a project consisting of commercial space and 39 very low- and extremely low-income studio units. The Agency executed loan documents for this loan on February 1, 2008 along with an Affordability Covenant that restricts 19 units, four of which will be restricted at extremely low-income and the remaining 15 restricted at very low-income. This accomplishment data will be reported upon completion of the project. Construction should begin on this project in late summer or early fall 2008. These funds will be repaid in 2010 prior to the Agency's repayment of the \$1,000,000 CalHFA loan funds.

The \$750,000 CalHFA II loan funds have been completely expended to date. There has been no recapture of these funds in this fiscal year. These funds are scheduled to be repaid over the next two years and will be recycled into other projects to help the Agency meet the unit production goals of these funds. Staff has some concern that projects funded with these monies have not progressed and may not be completed by the maturity of the loans. Three of the four loans have already been extended at least once. In order to meet Agency and CalHFA goals, these funds must be recycled to other projects. The projects currently funded with CalHFA monies are Lompoc Housing and Community Development's (LHCDC) "T" Street Condo project with combined loans of \$240,000, LHCDC's Single Room Occupancy (SRO) project that will assist transitioning youth at 114 South K Street with a loan of \$375,000, and Habitat for Humanities project at 308 North "K" Street with a loan of \$135,000. In order to recycle these funds, all funds must be repaid in the next 18 months. Staff will monitor progress on these projects carefully over the next year.

The Agency completed the rehabilitation monitoring for a blighted apartment complex located at 305-309 North "K" Street this fiscal year. This project initially received rehabilitation funding in November 2000; it was originally estimated by LHCDC that the project would be completed in one year. The property was in such poor condition that before the rehabilitation work could begin the project required extensive work to remove health and safety concerns prior to the initiation of the rehabilitation work. Although LHCDC completed this project in October 2007, the Agency has only received and certified three tenant applications to date. Agency staff will continue to request initial income certification on the tenants that initially occupy these units from LHCDC. This CalHFA funded loan was paid by LHCDC on November 17, 2005, although the rehabilitation work was not completed until almost two years later. This

project can now be reported as completed and added to Agency unit production. The end result of this rehabilitation is dramatic. LHCD's transformation of this previously blighted property is to be commended.



Portabello Apartments	13 units	\$156,000
305-309 North "K" Street		



Housing Set-Aside Funding:

On March 6, 2007, the Redevelopment Board approved a \$250,000 Housing Set-Aside loan in addition to the \$800,000 CalHFA Help loan to Santa Barbara Housing Assistance Corporation GP, 513 North "G" LP to assist the construction of the housing portion of a commercial and 39-unit studio apartment complex. This project will utilize multiple City funding sources including Housing Trust Fund monies. Loan documents were executed on this project on January 7, 2008, which included an Agency Covenant that will restrict 19 units to be used toward the Agency production requirements. These units will be reported at the time of completion, which is scheduled for early 2010.

On February 21, 2006, the Redevelopment Board approved a \$135,000 Housing Set-Aside loan and a \$375,000 Set-Aside loan which was to utilize the First-Time Home Buyer Loan funds by LHCD for the construction of a five-unit, First-Time Homebuyer project located at 518 North "T" Street. The Agency has been awaiting project information from LHCD in order to execute these documents for over two years. Given the current market conditions, LHCD has decided to restructure this project and try to develop a lease-to-own housing product. Although this idea is intriguing, it may prove to be problematic to fund due to the vast differences between for-sale and tenant-based affordability requirements as well as rents and sale price calculations. It appears this project has been put on a low priority status due to LHCD's current workload.

Staff is somewhat concerned with this project's ability to move forward. Several loans for this project have been approved but loan documents have either not been executed by LHCD or have been executed and funds released without substantial progress in production of the units over the last four years. Should this project no longer be feasible, staff will need to unobligate these funds and reallocate them to other projects.

The Agency cannot exceed the Housing Set-Aside carryover limit known as "excess surplus", which is the carryover of unobligated Housing funds that exceed \$1,000,000. Last year this excess surplus was almost reached due to the obligation of funds to projects in which loan documents had not been executed. Excess surplus may again be an issue due to these unexecuted loan funds this year. If the Agency reaches the excess

surplus level, an expenditure plan must be submitted to spend these funds within two to three years or the Housing funds in question will be transferred to the Housing Authority.

Staff will continue to request updates to this project from LHDCDC over the next six months. If the feasibility of this project becomes unlikely, staff will request deobligation of all unexecuted loans to this project from the Board until such time as the restructure and affordable requirement issues have been resolved and the project is ready and able to move forward.

The Crown Laurel Housing Project is the first Inclusionary Housing Project that has requested Agency assistance with Affordable Housing Incentive Loan funds. The Agency approved a loan for \$285,000 for this project utilizing the Affordable Housing Incentive Program funding and loan documents were executed on August 23, 2007. The housing portion of this project has been delayed somewhat due to market conditions, however the project is under construction and the developer has stated that production of housing units should begin by year-end. Eleven for-sale affordable units will be assisted utilizing these funds and will remain affordable for a period of 45 years. Units will be reported upon completion of the affordable units.



Commercial Façade Improvement Loan Program:

On October 1, 2007 the Agency executed a loan in the amount of \$25,000 to Mike and Nellie Sewall owners of Alfie's Fish and Chips restaurant, located at 1036 North "H" Street, within the Old Town Redevelopment Area. Mr. and Mrs. Sewall lease the space where their restaurant is located, and were the first long-term tenants to participate in the Commercial Façade Program. The project assisted with new signage, painting the exterior of the building, and permanent landscaping. The project was completed in May of 2008 and loan repayment will commence in July 2008.

The Agency has not had sufficiently trained staff to execute a specific Marketing Plan for this program. The Redevelopment Program Coordinator did attend and speak at several local Economic Development and Business events in the City during FY07-08 to present this program. Staff foresees the popularity of this program increasing over the next few years with the upcoming developments in Old Town.



Alfie's Fish and Chips	1063 North "H" Street	\$25,000
------------------------	-----------------------	----------



Commercial Rehabilitation Loan Program:

On October 1, 2007 the Agency executed a loan in the amount of \$30,000 to Mike and Nellie Sewall who own Alfie's Fish and Chips restaurant. The

tenants utilized this funding to make interior and exterior renovations to the project that will ensure continued economic health to their restaurant and the building it is located in. Mr. and Mrs. Sewall were the first long-term tenants to participate in the Commercial Rehabilitation Program. The project was completed in May of 2008 and loan repayment will commence in July 2008.



Alfie's Fish and Chips 1063 North "H" Street \$30,000



Seismic Retrofit Program

There was no participation in this program by downtown property owners this year. The Agency will continue to build this fund to assist property owners in retrofitting their buildings over the next few years. With downtown renovation underway, the Agency hopes to attract downtown property owners with these funds to assist with the necessary retrofit on historic buildings in Lompoc's Old Town. The Agency increased funding to the Seismic Retrofit Loan Fund by \$125,000 in FY07-08, bringing the available funding to \$400,000.



Adopt -A-Block Program

There was little activity in the Adopt-A-Block Program this fiscal year to replace banners, however a proposed replacement banner has been identified by Agency staff and will be proposed when the project is ready to move forward. The Agency will continue to work with the Parks and Urban Forestry Manager and the Chamber to assist downtown merchants in purchasing replacement banners for the large existing banners that are in disrepair. This project fulfills Agency objectives of investing in projects and programs, which promotes visual attractiveness in the Project Area.



Aquatic Center

The Agency was unable to complete the purchase of a plaque to be placed at the Aquatic Center in recognition of the large contributions by the Agency and the Lompoc Community in FY07-08. Staff hopes to complete this purchase in early FY08-09. As stated previously, the Agency made interest payments this fiscal year of \$310,410 and a principal reduction of \$150,000 in addition to \$1,213.46 for the Bond Trustee Fees. The Agency will continue to debt service the Aquatic Center bond issuance over the next 27 years.



Old Town Projects:

The Agency made substantial progress in the predevelopment work necessary to plan and design the Art Alley project. The Agency worked with the Art Alley Committee as well as the Chamber to work toward the final design of the Alley. The Art Alley Project should commence construction in late summer or early fall 2008.

The Agency's additional \$450,000 funding in June 2007 to LHDC Theater project resulted in expenditures of \$449,251.61. These costs included architecture and engineering costs, construction drawings, historic preservation consultants, building reports and testing, programming consultants, construction cost estimator fees, and relocation cost for the Shack that previously leased space in the building. The balance remaining available on this loan is \$748.39. The last draw occurred in April of 2008. The Agency has provided approximately \$700,000 in funding to the Theater Project to date.



Downtown Pocket Park

Agency staff continued to work with Cindy McCall, Parks and Urban Forestry Manager, the Architect and the Landscape Architects to complete the design of the downtown park. The plans for the Park were submitted and are currently near final approval. Park construction is scheduled to break ground in early fall 2008. Other than the Aquatic Center, the Downtown Park will be the Agency's largest project to date surpassing the Community Center renovation accomplished with multiple funds several years back. The Agency will assist by funding the construction of the building and hardscape structure of the park. The additional funds required to complete the park will be funded by Parks and Recreation, as well as fundraising activities by Cindy McCall, Parks and Urban Forestry Manager, who has already identified several donors to the park. This park will set the tone for the Old Town area and act as a catalyst to bring more pedestrian traffic to shops and restaurants located in Old Town.



Historic Preservation and Downtown Restoration

The Agency budgeted \$130,000 for Museum Restoration cost. This year Phase I was accomplished by replacing the roof on the Museum. Roofing expenses are estimated to be \$76,267 with internal City charges estimated at \$8,268.31. Final charges have not been completely recorded as of the date of this budget. The Agency will continue to assist the Library restoration by participating in funding Phase II of the preservation of this Old Town Historic building.



Charlotte's Web Children's Library

The Agency budgeted \$300,000 in funding for the Children's Library in FY07-08. No funds were expended. The Agency will contribute additional funding next fiscal year to assist in attracting additional funding sources for construction of this "Green" children's library.



PAL Program

The Agency funded \$20,000 to the Lompoc Police Activities League (PAL) to assist in operational costs for a youth program that provides after-school computer labs which serves approximately 100 youth ages 7-14. A teacher runs the computer lab from each participating school teaching at-risk youth basic computer skills. A PAL representative is in regular contact with the after-school program coordinators and children in the program are being entered into the California PAL Database. There are currently five schools participating in the PAL program, which strives to build positive relationships between youth, police officers, and the community. PAL is designed to help reach at-risk youth, reduce neighborhood blight, and improve the quality of life by providing youth with an alternative to criminal activity.

The Agency also funded the PAL Program with \$25,000 for a PAL Coordinator in FY07-08. Ray Clancy first filled the PAL Coordinator position in late 2007. He held the position until early 2008. After his departure we were without a PAL Coordinator for a few months. Cozetta Blow, Lompoc PAL Board Member, has since assumed the role as the PAL Coordinator as a provisional employee. Kathy Hefferman, retired US Postal worker, was recently hired by the City as the new PAL Coordinator. Her projected start date is May 21, 2008. The PAL Coordinator position has been very beneficial to the PAL program and has allowed continued activity and participation in PAL related activities.


The Agency budgeted \$20,000 in FY07-08 for feasibility funds for the proposed PAL building. Although no funds were expended, PAL is in the process of drawing up a contract for architectural plans. A request for bids was sent out several months ago. After receiving several bids, a committee was formed that was responsible for selecting the best two to three bids. The committee subsequently interviewed the architects and ultimately selected RRM Design.



Blight Removal Operations

The Agency assisted blight removal in the project area with the purchase of a powerwasher for the graffiti team, supervised by Lompoc Police Department (LPD). This powerwasher will make it possible to remove paint from concrete services without the need to paint over the wall. The

Agency also assisted LPD with the initial purchase of paint, painting supplies, and equipment for use by the graffiti removal team.

 Economic Development Marketing

The Agency budgeted \$40,000 for Economic Development Marketing in FY07-08. An additional \$9,454 was encumbered from FY06-07 specifically for the Summer 2007 issue of the Lompoc Valley Magazine. The Economic Development Marketing funds were allocated to the Economic Development Manager. The Manager expended RDA funds in the following manner through June 2008:

Lompoc Valley Magazine – Summer 2007 (encumbered FY06-07)	\$ 9,454.00
Lompoc Valley Magazine – Summer 2007 & Winter 2008	27,392.69
Discover Lompoc TV Program - Episode 15.1	600.00
Santa. Rita Hills wineries promotion	862.00
Advertising in Lompoc Record	659.75
Advertising in United Airlines Hemispheres Magazine	10,178.00
Printing Cartridges	<u>188.31</u>
TOTAL	\$ 39,880.75

The *Lompoc Valley Magazine* is a semi-annual lifestyle publication that promotes the City's Redevelopment Agency Project Area and Old Town by outlining the City's economic development tools, current City projects, city utilities, real estate and housing, industry and workforce, higher education, and other community resources. Each issue of the magazine provides an attractive centerfold map, including an insert of Old Town with designations, such as historic buildings, wine tasting, shopping, art gallery, sculpture garden, museum, and the Chamber of Commerce. These graphic depictions add to the allure of Old Town for future investment in business, tourism, and housing. Each issue of the magazine also features photos, cartoons, and artwork, along with feature articles that highlight Redevelopment area projects, e.g. Lompoc Theater and Lompoc Aquatic Center.

The RDA's Economic Development (ED) Marketing budget includes production of the City's TAP TV program, *Discover Lompoc*, which airs on channel 23 Thursday-Sunday, as well as on streaming video at www.cityoflompoc.com. Episode 15 featured the Lompoc Library Centennial Celebration. Other funds were expended for advertising placement in United Airlines Hemispheres Magazine and the Lompoc Record, as well as computer printer cartridges.

The ED Marketing budget will continue to expend RDA funds for the *Lompoc Valley Magazine and Discover Lompoc* for the 2008-2009 FY, as well as the *Lompoc Valley Fold-Up Map 2008*.



Redevelopment Staffing

The Redevelopment Manager position continues to be backfilled at the level of Redevelopment Program Coordinator. The Program Coordinator position has improved the Agency's ability to participate in sophisticated transactions and develop written guidelines and procedures for Agency programs and activities. The Housing Program Technician will continue to be trained by the Coordinator as well as attend specific Redevelopment Training Courses over the next several years to become familiar with Redevelopment activities, laws, legislature, programs and processes. The part-time OSA II/III position is allowing Agency staff time to work on complex projects and issues by performing the non-technical work of the Agency.



The Parking Lot Reserve Fund

The reserve balance is currently at \$55,000. An additional \$1,000 was added to the reserve in FY07-08. No funds were expended.

Goals for the Fiscal Year

For the past thirteen years, the Agency's goal has been to:

Develop and implement programs and projects that remove blight, highly leverage the use of Agency funds, and improve the visual attractiveness of the Project Area.

To accomplish this goal, the Agency will strive to accomplish the following objectives:

- ☑ *Invest in projects and programs that remove barriers to investment in the Project Area.* Such barriers may include functionally obsolete buildings, contaminated or perceived contaminated properties, and the multiple ownership of contiguous undeveloped properties.
- ☑ *Invest in projects and programs that promote visual attractiveness in the Project Area.* Dilapidated building conditions such as peeling paint, missing or broken architectural details, obsolete and rusting signs, and poor facade treatments which cover historical architectural details, all contribute to a depressed look that dissuades investment.

- ☑ Invest in projects and programs, which preserve, increase, and improve the quality of housing opportunities for individuals and households of Very Low-, Low- and Moderate-Income. The lack of quality affordable housing for a large portion of the Lompoc community is a major barrier to Lompoc's progress in battling dilapidated and unsightly housing stock, overcrowding, and temporary homelessness.
- ☑ Invest in promoting Lompoc. The perception of Lompoc is beginning to change, we will attempt to target an audience that is being pushed out of congested and no longer affordable urban areas such as the south coast. Staff will identify and target this group that may be ready to make their next business investment and lifestyle change into our community. The Agency needs to continue the progress that has been made in turning people's attention to Lompoc and the opportunities here.
- ☑ Invest in the creation of new jobs. As businesses are attracted to Lompoc, the Agency can offer technical and financial assistance to improve underutilized tenant spaces and vacant lots. The revitalization of project areas, downtown in particular, is driven by the amount of pedestrian traffic and activity in the area. By supporting the creation of jobs, the Agency will more quickly remove blighted conditions and revitalize the area.

FY 2008/2009 Work Program

Fiscal Year 2008/2009 is the ninth year in which the Agency will receive revenues from the 1998 expansion of the Old Town Redevelopment Project Area (Amendment One) and the sixth year of revenue from the second expansion (Amendment Two) of the Old Town Redevelopment Project Area, which has been slow in delivering tax increment funds but should increase as projects are developed within this area. The increase in revenues from tax increment in Amendment Area One has continued to grow over the past several years. The growth in tax increment has stabilized recently due to the impact of housing market conditions on the economy, which have in turn slowed many developments. These revenues have provided the Agency with the ability to finance projects that would not have otherwise been feasible, such as the Lompoc Aquatic Center, Downtown Pocket Park, Museum restoration, and the Downtown Theater. The Agency will continue to use a large amount of its tax increment to debt service the Aquatic Center bond issuance in the coming years.

The existing housing programs will continue to be refined this year, such as the Affordable Housing Incentive Program, Multifamily Façade Improvement Program, and continued work on the First-Time Homebuyers Program. The Agency's monitoring program will also undergo refinement to ensure affordable units remain affordable to the Lompoc Community.



Seismic Retrofit Financing

Due to the increased interest of Downtown property owners in participating in the Retrofit Program, the Agency will provide \$100,000 in additional funding this year to this fund. Additional funds should continue to increase the feasibility of addressing the retrofit of buildings and allow property owners to leverage private funding to retrofit their buildings. The Agency will continue to grow these funds over the next several years. This may attract building owners to make incremental progress toward the remediation of structural deficiencies and encourage them to initiate retrofitting projects with additional funding from the Agency. In its task to meet the objective of investing in projects and programs that remove barriers to investment in the Project Area, restore facade treatments which cover historical architectural details, and invest in the creation of new jobs, the Agency is budgeting \$500,000 for Seismic retrofit financing, which is an increase of \$100,000 to the existing fund. Staff has put together attractive financing options to further entice participation in this funding.



Facade Improvement Program

In its task to invest in projects and programs that promote visual attractiveness in the Project Area, the Agency will continue to finance façade improvements to property owners and long term tenants with first priority given to businesses within the Old Town Specific Plan area. The Agency is budgeting \$430,000 for support of the program. This level of funding includes grant funds of \$7,000 for architectural design services for use by program participants who are encouraged to obtain professional architectural services for new façade concepts, and \$7,000 for the payment of permit fees. The Agency will carryover \$416,000 from previous year funds and contribute \$25,000 in new FY08-09 funds, to be used for hard cost of the actual façade improvement work. This funding reflects the Agency's commitment to improving the visual attractiveness of the area and provides enough funds to assist in making a dramatic change in the façade of our downtown area.



Commercial Rehabilitation Incentive Program

The Agency will allocate \$470,000 to fund the Commercial Rehabilitation Incentive Program to attract businesses and improve commercial opportunities in the Project Area and to the Old Town District. The Agency will utilize these funds for a partial payment of City development fees, water impact fees, planning fees, building fees, architectural design costs, and nonconforming sign removal and replacement. The Agency will not exceed 50% of the total fees charged on any one project up to a maximum of \$1,000 for fees and \$1,000 for architectural design and sign

removal and replacement (unless there are three or more signs removed and replaced, then additional funding will be made available). The Agency hopes this fund will be a useful tool to develop the Old Town Redevelopment Area with projects of both commercial and residential uses that will enhance and serve area residents.



Downtown Pocket Park

The Agency will fund construction of the Downtown Pocket Park building and hardscape by budgeting an additional \$454,285 for the construction cost of the park's building structure and hardscape. The Agency will carryover previous year's funds from the design and predevelopment budget to bring available funding for FY08-09 to \$985,000. These funds are estimated to complete the contract design, as well as fund the construction cost for the building structure and the hardscape of the park. The park will increase foot traffic in the downtown area by providing patrons a location to rest and enjoy the downtown area. This project will assist in satisfying the goal of promoting visual attractiveness in the Project Area.



Charlotte's Web Children's Library

The Agency will continue to budget funds for the Charlotte's Web Children's Library. The agency will increase funding for the library by \$50,000 this year, which will bring the amount of the Redevelopment contribution for the Children's library to \$350,000, which is to be located on the 200 Block of South "I" Street. Charlotte Benton donated this "I" Street property for the purpose of constructing a children's library on the site. This project continues to move forward with Agency assistance serving as a catalyst to assist the Library staff in securing additional funding for the future construction of this facility.



PAL Program

The Agency will fund \$20,000 to the Lompoc Police Activities League (PAL) to assist in operational costs for a youth program that provides a computer training class to youth at local area schools. The Agency will provide \$25,000 in funding for a PAL Program Coordinator to assist in the administration of the program, which will provide outreach to local at-risk youth. The Agency will carryover \$20,000 from FY07-08 feasibility and predevelopment funding for the development of the PAL Youth Community Center. PAL strives to build positive relationships between youth, police officers, and the community. PAL is designed to help reach at-risk youth, reduce neighborhood blight, and improve the quality of life by providing our youth with an alternative to criminal activity.



Aquatic Center

The Agency will purchase a plaque to recognize the Agency's significant financial participation in the Aquatic Center as well as Lompoc property owners. The Agency will make interest payments this fiscal year of \$306,217, a principal payment of \$155,000, and an additional \$1,235.00 payment for Bond Trustee Fees. Total Agency contribution to debt service in FY08-09 is \$462,452.



Adopt -A-Block Program

\$18,000 has been budgeted for the Adopt-A-Block Program this year and will assist downtown merchants in the purchase of large banners that will replace the existing worn banners. This program fulfills the Agency's objective of investing in projects and programs, which promotes visual attractiveness in the Project Area.



Blight Removal Operations

The Agency will work with the Lompoc Police Department staff in developing a blight removal project in an at-risk Lompoc neighborhood. Staff will review the previously designed Building Divisions R.E.S.P.E.C.T program to assist with the development of this proposed event. The Agency proposes to contribute \$25,000 toward this activity. This event will assist the Agency's goal to promote visual attractiveness in the Project Area.



Historic Restoration & Preservation of Downtown Buildings

The Agency will continue to assist historic preservation projects in the Old Town Area in FY08-09. The second phase of historic restoration at the Lompoc Museum, a Carnegie Library, will be accomplished by contributing \$100,000 in tax increment funds toward restoration work. These funds will allow the museum restoration to continue and assist in repairing water damage to the building, and other miscellaneous work to the property.

The Agency hopes to receive an application for construction funding of the Lompoc Theater with a timeline for this project to commence renovation in FY08-09. To further assist LHCDC with the preservation and restoration activities for the Lompoc Theater, the Agency proposes to fund an additional \$375,000 towards construction cost for this project. Total funds available in FY08-09 to this project under the Historic Preservation and Restoration Program funds are \$750,000, which will bring the Agency's total funding of this project to \$1,500,000. These projects will assist the Agency's goals of promoting visual attractiveness in the Project Area and

Investing in projects and programs that remove barriers to investment in the Project Area, as well as job creation.



Old Town Projects

The Agency will assist the Old Town Art Alley project with \$55,000 to complete the purchase and installation of lighting for the downtown Art Alley Walk. Agency staff has worked closely with the Chamber Committee and other City departments to develop this project over the last several years and is now ready to begin the actual construction activities of this project in FY08-09, which should commence in late summer or early fall 2008. The Agency has also budgeted \$294,250 in additional funds for Old Town Projects in FY08-09 with Theater predevelopment fund carryover of \$750.00.



Economic Development Marketing

Redevelopment will fund this program at \$40,000 in FY08-09, which is at the same level as last year. Five thousand of this funding will be used to sponsor the production of future episodes of the City's new PEG TV Program "*Discover Lompoc*". The future episodes will feature such shows as Old Town architecture, Art Alley, the Old Town Pocket Park, and the Lompoc Theater. Existing funding will continue to be used to publish marketing material, including the Lompoc Valley Magazine and Lompoc Valley Fold-Up Map. Funding will also cover marketing cost associated with the attraction of businesses that will provide jobs for area residents, assisting in the Agency's goal of promoting Lompoc.



Affordable Housing

The Agency has budgeted \$2,035,000 in affordable housing funding for FY08-09. There is \$200,000 in short term (two years) CalHFA I loan funds that will be available to projects in this fiscal year for acquisition and rehabilitation financing of multi-family housing. The second CalHFA loan allotment is fully in use with \$135,000 expected to recycle back into the fund in this fiscal year from Habitat for Humanity. Total CalHFA funds available for FY07-08 are \$335,000.

The Agency has budgeted \$1,700,000 in Housing Set-Aside Funds that will be made available for housing projects this year.

The Agency will allocate \$125,000 in additional funding to build a fund for the develop and funding of a First-Time Homebuyer (FTHB) program, \$225,000 will be allocated for a multi-family façade improvement program, \$400,000 will be allocated to the Affordable Housing Incentive Program as well as \$440,000 additional funding for the continuation of Affordable

Housing Acquisition and Rehabilitation Revolving Loan fund. These programs will assist in fulfilling the Agency objectives of investing in projects and programs, which preserve, increase, and improve the quality of housing opportunities for very low-, low- and moderate-income Households. The Agency will continue to work with organizations and individuals to create quality affordable housing.

This year the Agency has funded an Affordable Housing Reserve Fund to allow the Agency to establish a fund reserve in the event that housing loans are not repaid in a timely manner, or should an affordable unit become delinquent with a mortgage company, the Agency could use this reserve funding to cure any delinquencies and preserve the affordable unit.



Staffing

The Housing Programs Technician position was vacated in July of 2007 and the position was not filled until December of 2007. Natalie Skarda, joined the Agency in December of 2007 however had to take medical leave in April 2008. She is expected to return in mid-July 2008. Over the next two years Natalie will continue to train into her position and undergo intensive training to become proficient on Redevelopment laws, practices, procedures, and loan programs as well as City practices and procedures. Cynthia McLain continues to fill the part-time OSA II/III position and has been of great assistance to the Agency with the turn-over and absence of Housing Program staff.

As funding for programs has increased, so has the Agency workload. The Agency's ability to respond to requests for technical and financial assistance is limited by the number of trained staff available to assist business owners, brokers, investors, developers, and other City departments and divisions. The Redevelopment Program Coordinator has carried 95% of the technical Redevelopment workload of the Agency in this last fiscal year with only four months assistance from the new Housing Programs Technician. Agency paid staff positions are listed under Revenues, Expenditures, and Debt with the majority of salaries going to staff that perform associated work within the project area. The existing Grant Records position will remain vacant again this year until program participation increases and the current Housing Program staff can be fully trained.

The Agency may become limited in its ability to add additional staff in the future due to space limitations at City Hall. As Agency funding grows, staffing must be increased to administer and expend Agency funds. It is likely the Agency may need to move their offices to Old Town in the next several years, a trend many other Agencies have chosen in order to be closer to downtown businesses and maintain a higher profile during downtown revitalization.

Revenues, Expenditures & Debt

The projected revenues, proposed expenditures and proposed debt are shown in the attached Annual Budget.

Revenues

Beginning Cash Balances represent monies not expended in previous years. These balances are estimated at \$3,331,957 in the Tax Increment Fund and \$1,272,000 in the Housing Fund, which includes \$335,000 in CalHFA Help funds. A large amount of these carryover funds have been obligated in FY07-08 but funds have not been expended. These carryover balances are estimated and may include supplemental tax increment income and expenditures that could not be identified prior to receipt in June FY07-08.

The **Parking Lot Reserve Fund** was established in FY00-01 and shows up as part of the total revenue carryover in the amount of \$55,000. The fund reserve is to be used for maintenance; replacement of the parking lot surface, and lot lighting. An additional \$2,000 will be added this year to this fund.

Tax Increment Revenues accrue throughout the fiscal year as the Agency receives its major allocations in December and April. Tax increment from the original Old Town Lompoc Redevelopment Project Area is anticipated to be approximately \$263,800. Tax increment from the Amendment Area No. One is anticipated to be approximately \$2,706,800. Tax increment from the Amendment Area No. Two this year is anticipated to be approximately \$15,000. Twenty percent of all tax increment received by the Agency must be apportioned to the Agency Housing Fund.

Mitigation Fees to be collected this year are \$17,475. These mitigation fees are related to the agreement of approval for the Arbor Square Apartments, which was negotiated at the time this tax exempted affordable housing project was approved by the Redevelopment Agency.

Internal Services/Housing the Agency anticipates some minimal underwriting fee income from the Housing Trust Fund Program and income from at least one Affordable Housing Tax Credit Review.

Loan Payment Interest of \$46,500 will be received by the Agency for debt service associated with our Commercial Loans, Set-Aside, and CalHFA loans in the current loan portfolio.

Loan Payment Principal recapture for all loans is estimated to be \$962,433. CalHFA I funds available for draw are \$200,000.

Interest Income represents an estimate of the return on funds held for use. Such income is estimated to be \$55,000 in the Tax Increment Fund and \$30,000 in the Housing Fund.

Total Estimated Available Funds for the fiscal year are anticipated to be \$5,860,002 in the Tax Increment Fund and \$2,845,180 in the Housing Fund.

Expenditures

Major expenditures proposed for this fiscal year have been detailed above in the FY 2008/2009 Work Program. However, there are additional proposed expenditures worth mentioning.

Personnel Costs. Agency staff expenses are outlined below with the FY07-08 salary allocation. The Agency continues to receive a cost savings in backfilling the Redevelopment Program Manager position as well as the presently vacant Grant Records Technician position.

<u>Position</u>	<u>Current FY07-08</u>
<i>Agency Positions</i>	
Executive Director	5%
Community Dev Director/Deputy Director	20%
Redevelopment Program Coordinator	100%
Housing Programs Technician	100%
Office Staff Assistant II/III	60%
<i>Agency Support Positions</i>	
City Planner	20%
Office Staff Assistant IV	10%
Staff Assistant –Executive Director	5%
Economic Development Manager	20%

Administrative Service Charge expenses have increased to \$33,884. This charge is paid to the City for services provided the Agency such as accounting, human resource, legal, and general administration.

Professional Services – Economic Development Marketing. The Agency will fund this program with a contribution of \$40,000.

Training, Travel, Meeting, and Memberships and Miscellaneous Cost are budgeted at \$27,600. The Agency staff must continue to attend meetings and conferences to keep abreast of changing legislation, funding opportunities,

and other redevelopment and financing issues that require continuing education of information and materials. The Housing Programs Technician will begin to focus on training that will provide the knowledge required to work independently on projects and begin to develop and work with additional housing programs in the upcoming years such as; Residential Façade Program, First-Time Homebuyer direct assistant programs, and certification of the Inclusionary participants.

Pass-through Payments to affected taxing entities are budgeted based on anticipated Tax Increment Revenues. As tax increment grows, the pass-through payments grow proportionately. Staff estimates the pass-through for FY08-09 to be \$726,700.

Debt

In addition to the \$7,350,000 in Aquatic Center bond issuance debt in FY04-05, the Agency has assumed \$78,211 in new debt for the Chevron Energy Efficiency Project in FY 07-08 which will debt serviced over the next 19 years.

Unreserved Fund Balances

Unreserved Fund Balances represent those monies that are not specifically budgeted in a line item. As such, these funds act as a project reserve fund. Those funds are available for future projects and programs that have not been allocated through the budget process. At the end of fiscal year 2008-2009, the Tax Increment Fund is anticipated to have an estimated Unreserved Fund Balance of \$166,102 in addition to the \$55,000 in the Parking Lot Fund Reserve. The Housing Fund balance is estimated at approximately \$83,370 in addition to the \$475,000 in the Housing Fund Reserve.

Conclusion

As business owners and developers continue to invest in the Project Area the Tax Increment revenue will continue to allow the Agency to remove blighted conditions in the project area as well as assist property owners and business owners to prosper in the community.

With a concentrated effort from the City's Economic Development Manager, Lompoc businesses should have the opportunity to grow and prosper. With this increase in business, shopping and entertainment opportunities, come jobs and an elevated standard of living for the existing residents.

In order to keep investors interested in buying property and developing within the City, the Agency must be prepared to reinvest its tax increment revenue in ways that maximize investors' returns. By eliminating blighting conditions and making the Project Area a more visually attractive and economically viable area, the Agency intends to meet those expectations.

Great achievements are never accomplished alone. The Agency staff has been assisted many times by individuals throughout City Departments and members of the community. Staff would like to express gratitude to John Walk, Finance Director for his support and confidence in Agency staff, Cindy McCall, Parks and Urban Forestry Manager, who has worked closely with Agency staff and has made great contributions to Agency's projects and programs over the last several years, Kevin McCune, City Engineer, Anthony Garcia, Fleet and Facilities Superintendent, for all his help in purchasing the Graffiti powerwasher and the roof replacement of the Museum, and Police Captain Larry Ralston, who worked with the Agency on the Graffiti removal project as well as the PAL projects. We would also like to extend our thanks to Sharon Stuart, City Attorney, Matt Granger, Assistant City Attorney, Rene Vise, Financial Services Manager, Marie Thomassen, Accountant, with a special thank you to Community Development, Planning, and Building Division staff with whom we work so closely. Denny Anderson and Jerri Phillips from the Art Alley Committee should also be recognized for all their efforts in the Art Alley Project. Lastly, and most importantly, we would like to thank the Agency Board for their support, leadership and dedication, which gives staff a clear vision of where the Agency efforts and funds should be placed to achieve Agency goals. The Agency also thanks the Redevelopment Area residents and citizens of Lompoc whom we serve. We look forward to a prosperous, eventful and exciting year ahead.

Linda R. Wertman
Redevelopment Program Coordinator

APPROVED FOR SUBMITTAL TO THE EXECUTIVE DIRECTOR

Arleen T. Pelster, AICP, Deputy Director

APPROVED FOR SUBMITTAL TO THE REDEVELOPMENT AGENCY BOARD

Gary P. Keefe, Executive Director