

Lompoc City Council
Lompoc Redevelopment Agency
Agenda Item



Meeting Date: November 4, 2008

TO: Gary P. Keefe, City Administrator / Executive Director

FROM: Dinah Lockhart, Associate Planner
(d_lockhart@ci.lompoc.ca.us)

Linda R. Wertman, Redevelopment Program Coordinator
l_wertman@ci.lompoc.ca.us

SUBJECT: Appropriation of Community Development Block Grant (CDBG) funds for the purchase of property located at 1120 West Ocean Avenue, and appropriation of Lompoc Redevelopment Agency (RDA) funds for the purchase of property located at 1110 West Ocean Avenue, Lompoc. The two parcels will be used as the future Lompoc Valley Senior Community Center.

RECOMMENDATION:

It is recommended that the Lompoc City Council:

1. Approve the appropriation of \$1,500,000 in Community Development Block Grant (CDBG) funds in order to complete the acquisition of 1120 West Ocean Avenue for use as the future Lompoc Valley Senior Community Center; and
2. Authorize the City Administrator to proceed with the acquisition and execute all related purchase agreements.

It is recommended that the Lompoc Redevelopment Agency Board:

1. Approve the appropriation of up to \$425,000 from Redevelopment Tax Allocation Bond Proceeds in order to complete the acquisition cost of a vacant lot located at 1110 West Ocean Avenue for use as a portion of the future Lompoc Valley Senior Community Center; and
2. Authorize the Executive Director to proceed with the acquisition and execute all related purchase agreements.

BACKGROUND:

On August 5, 2008, Council directed the City Administrator to execute the lease and option to purchase agreements for 1110 West Ocean Avenue and 1120 West Ocean Avenue for use as the future Lompoc Valley Senior Community Center. Council also approved the reprogramming of CDBG funding allocations to allow use of CDBG funding for lease, acquisition, and development of the new Center.

Since that time, licensed real estate appraisers conducted appraisals of the two properties. The market value for 1110 West Ocean Avenue is \$375,000 and the market value for 1120 West Ocean Avenue is \$1,500,000. CDBG funds will be used to acquire the 1120 West Ocean Avenue parcel and Redevelopment funds will be used to acquire the 1110 West Ocean Avenue vacant parcel. CDBG and RDA funds will be used to make lease payments for the two properties up to the amount appropriated, in addition to title insurance and appraisal cost associated with the acquisition.

An Environmental Assessment (EA) was completed by the City and underwent a 15-day public review period. The public notice announcing this review period was published in the Lompoc Record on August 7, 2008. No comments were received concerning this notice. HUD signed an Authority to Use Grant Funds on September 27, 2008. This project was found to be Categorically Exempt under the California Environmental Quality Act (CEQA). The following shows the acquisition cost and lease payments made to date for each parcel:

Parcel 1	<u>Vacant Building –1120 West Ocean Avenue</u>
	CDBG Requested Funding: \$1,500,000
	Purchase Price: \$1,487,500
	Lease Payments paid to date: \$ 15,430
Parcel 2	<u>Vacant Lot - 1110 West Ocean Avenue</u>
	RDA Requested Funding: \$ 425,000
	Purchase Price: \$ 375,000
	Lease Payments paid to date: \$ 4,749

Total acquisition cost for both parcels is \$1,862,500. Escrow for the sale of 1110 West Ocean Avenue is expected to close in November 2008. Escrow for the sale of 1120 West Ocean Avenue is expected to close by year-end.

Construction and contingency cost is estimated at \$4.5 million. Total cost of acquisition and construction is estimated to total \$6.4 million. The City's CDBG contribution to the acquisition and lease payments will be \$1.5 million. The balance of project funding will come from

Redevelopment Tax Allocation Bond Proceeds. The City still anticipates receiving a \$2 million payment from Lompoc Hospital District for the disposition of the existing senior center. These funds are not expected to be used for the new community center. Once received by the City, the \$2 million will be distributed to the various funds, including CDBG, RDA, and the General Fund, that originally contributed to the acquisition and construction of the existing senior center.

SUMMARY:

Funds are currently available to complete the acquisition of the two parcels that will be developed as a new community senior center. The purchase of these parcels will allow the City to receive a cost savings by removing the need for the monthly lease payment.

Dinah Lockhart, Associate Planner

Linda Wertman, Redevelopment Program Coordinator

APPROVED FOR SUBMITTAL TO THE CITY ADMINISTRATOR:

Arleen T. Pelster, AICP, Community Development Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Gary Keefe, City Administrator