

Lompoc Redevelopment Agency

Agenda Item



Meeting Date: June 21, 2005

TO: Gary P. Keefe, Executive Director

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

SUBJECT: ADOPTION OF ANNUAL BUDGET

Recommendation:

Staff recommends the Redevelopment Agency Board adopt Resolution 05-106, adopting the fiscal year 2005-2006 Annual Budget.

Background:

Each year, the Lompoc Redevelopment Agency must prepare a budget that evaluates the accomplishments of the past year, in addition to presenting goals and a work program for the coming fiscal year. The budget must also present the Agency's anticipated revenues, indebtedness, and proposed expenditures.

As detailed in the attached budget document itself, the 2005-2006 Fiscal Year Budget incorporates new revenues generated from the Amended Project Areas. This new, ongoing revenue source allows the Agency to make significant contributions to ongoing and new revitalization projects and programs. The budget also reflects an ERAF shift of \$77,510 from the Agency that is required by the State as well as \$316,600 in bond debt service for the Aquatic Center.

Resolution 05-106:

The resolution adopting this budget serves to provide funding for the coming Fiscal Year. By adopting this Resolution, the Board will make the finding that the planning and administrative expenses of the Housing Fund are necessary for the production, improvement, or preservation of low- and moderate-income housing. This finding is required to be made annually by the Agency in accordance with Section 33334.3(d) of the California Health and Safety Code.

Conclusion:

The attached budget reflects staff's understanding of the Board's priorities for the payment of debt, removal of health and safety hazards, removal of blight, production of affordable housing and physical enhancement in the Old Town Lompoc Redevelopment Project Area for the next fiscal year.

Linda R. Wertman
Redevelopment Programs 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

Attch: Resolution 05-106
FY05-06 Budget

RESOLUTION NO. 05-106

A Resolution of the Board of the Redevelopment Agency of the City of Lompoc Adopting the Fiscal Year 2005-2006 Annual Budget

WHEREAS, the Lompoc Redevelopment Agency must annually adopt a budget each fiscal year to account for all anticipated revenues, proposed expenditures and debt to be incurred; and,

WHEREAS, the production, improvement, or preservation of low- and moderate-income housing requires the Redevelopment Agency to incur certain planning and administrative expenses;

NOW, THEREFORE, THE LOMPOC REDEVELOPMENT AGENCY DOES HEREBY FIND AND RESOLVE AS FOLLOWS:

SECTION 1. The Agency finds that the planning and administrative expenses budgeted in the Agency's Housing Fund are necessary for the production, improvement, or preservation of low- and moderate-income housing.

SECTION 2. The Executive Director is hereby authorized to take all necessary action to implement the provisions of said budget as adopted on this date.

SECTION 3. The fiscal year 2005-2006 Annual Budget is hereby adopted.

The foregoing Resolution was proposed by Agency Member _____, seconded by Agency Member _____, and duly passed and adopted by the governing board of the Redevelopment Agency of the City of Lompoc at its regular meeting on June 21, 2005 by the following electronic vote:

AYE: Agency Member(s):

NO: Agency Member(s):

Dick DeWees, Chair

ATTEST:

Jane C. Green, Secretary
Lompoc Redevelopment Agency
City of Lompoc

Lompoc Redevelopment Agency

Annual Budget
2005-2006



Dick DeWees, Chair
Janice Keller
Michael Siminski
DeWayne Holmdahl
William Schuyler

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 2004-2005 was an exciting year for the Agency. The Agency joined the City in participating through the Lompoc Public Financing Authority in the issuance of bonds to construct the Lompoc Aquatic Center. Participation in the construction of this facility was a major commitment of existing as well as future tax increment for the Agency. The construction of the Lompoc Aquatic Center is scheduled for completion in the 2005-2006 fiscal year. The Agency's budgeted participation in the Aquatic Center this year totaled \$7,888,889 of which \$536,889 will be a carry over to FY05-06 for construction cost. \$7,350,000 of the budgeted funds was in bond proceeds, and \$314,000 bond issuance cost. The Agency will debt service the bond issuance over the next 30 years. One payment of interest only was paid in March 2005 in the amount of \$87,064.31

Other accomplishments this year included two new Commercial Façade Loans, the design of the South "H" Street, Negus Pocket Park in Old Town, participation in the Historic District feasibility study, the purchase of Holiday Banners for Old Town and the design of the Commercial Rehabilitation Program.

Staff's concentration this year was on the delivery and design of commercial programs along with providing technical assistance to the Planning Division in the design of the Housing Trust Fund Program. Staff completed the development of written procedures, guidelines, and loan documents as well as monitoring and tracking tools with the assistance of our Agency Attorney. The Commercial Rehabilitation Program

development was completed this year along with preliminary work on Affordable Housing Incentive Program, Multifamily Façade Program, and a First Time Home Buyer (FTHB) Program. The design and implementation of these programs should be finalized in FY05-06. Agency staff continues to provide a straightforward approach to assist and encourage commercial property owners, business owners, and residential developers and housing non-profits in our area to participate in Agency programs.

The Agency experienced staff turnover again with the departure of our part time staff assistant, Sue Carrillo in November 2004. After her transfer to the Building Division, the Agency and Planning Division hired a temporary employee until a replacement could be hired at the end of April 2005. The Agency also experienced an indirect change in staffing with the departure of Angie Pillow, Accounting Manager who served as the Agency Accountant. Seth Bean, Accounting Supervisor, replaced her in late 2004. Staff turnover impacted the Agency during the annual reporting period when program staff was required to assist with the completion of reports normally completed by the accounting staff in addition to program reports. As the new accountant becomes more familiar with Redevelopment requirements and attends the required training, Agency staff assistance should be reduced.

\$\$\$ 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 from the first allocation of \$1,000,000 have been expended and will begin to recycle. Lompoc Housing and Community Development Corporation (LHCDC) has been the sole recipient of the CalHFA funds thus far, and has extended the maturity dates of several of their loans so the recycling of funds into other projects has been slow in the past. However the Agency expects all extensions to be paid when due in this fiscal year due to a refinancing package LHCDC has been working on over the last several years. The remaining \$645,000 of the second allocation of funds has been verbally reserved for an Single Room Occupancy project and construction funds for a 5-unit condominium project by LHCDC. Staff is still awaiting a completed funding application for these projects but expect that these applications will be delivered to the Agency by late 2005.

This Agency continued to monitor and assist in the rehabilitation of blighted apartment complexes. Lompoc Housing and Community Development Corporation (LHCDC) completed the rehabilitation of Casa con Tres apartment complex located at 334-338 North "L" Street this year. These units will provide 12 very low-income housing opportunities for large families in the project area. The Agency has continued to encourage LHCDC to concentrate on the completion of existing rehabilitation projects before taking on additional projects. The two remaining Agency assisted rehabilitations should complete in FY05-06 as well as the "K" Street rebuild units.



Casa con Tres

\$157,300.00

12 units



Set-Aside Housing Funding:

No new loans were completed in this fiscal year. Preliminary program design began this year to assure future fund expenditure by expanding the Agency's developer participation and the creation of affordable units within the project area in a timely manner. Habitat for Humanity is currently working on a land purchase to build single-family homes that the Agency may participate in next year. The Agency is also awaiting a funding application from LHCD for construction subsidy funds to complete the "T" Street Condos.



Commercial Facade Improvement Loan Program:

The Agency executed loan documents with Sanchez Properties, LLC, owners of the La Chiquita Plaza, located at 801-813 West Laurel Avenue in the amount of \$75,000. This loan will benefit five (5) businesses that occupy the center. The owners are currently waiting for building permits that are in plan check. Work is estimated to begin on this project as soon as permits are issued, estimated to be July 2005, and should complete by year-end 2005. The new owners of the old K-Mart building, Beach Plaza, LLC are scheduled to sign loan documents in the amount of \$60,000 in June 2005, and should complete their project by September 2005. Both of these accomplishments will be reported upon their completion in FY05-06 budget report.



Seismic Retrofit Program

There was no active participation 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 in full swing, the Agency hopes to attract downtown property owners with these funds to accomplish the necessary retrofit on our historic buildings in the Old Town. The Agency increased funding to the Seismic Retrofit Loan Fund by fifty thousand dollars (\$50,000) in FY04-05, bringing the total available funding to \$200,000.



Adopt -A-Block Program

The Redevelopment Agency budgeted \$5,000 for the purchase of Holiday Banners for the old town area located within the project area in addition to the maintenance of the Adopt-A-Block sponsor signs. Redevelopment Staff worked with the City's Urban Forester, Cindy McCall, to choose a Holiday Banner for Old Town. The Agency will budget funds in FY05-06 to purchase a Flower Festival Banner. This project fulfills Agency

objectives of investing in projects and programs which promote visual attractiveness in the Project Area.



Aquatic Center

As stated in the introductory accomplishment section of this report, the bond issuance occurred in November 2004 with Agency's bond proceeds at \$7,350,000. \$314,000 was paid by the Agency in issuance cost for the bond issuance along with a reallocation of FY04-05 program funds in the amount of \$536,889 to pay for construction bid overruns. The FY04-05 reallocated funds will not be paid out until FY05-06. The Agency made the 1st interest only payment in March 2005 in the amount of \$87,064.31.



Downtown Negus Pocket Park

Agency staff assisted the Urban Forester, Cindy McCall, in working with CPS, landscape architecture, urban design and town-planning firm to coordinate public participation and complete the design portion of the Pocket Park. CPS design will be presented to the Planning Commission upon completion of the development plan. The estimated time for presentation to the City Council and Redevelopment Board is August 2005. Additional funding in FY05-06 will assist with predevelopment and construction of the park. The design contract was issued in June 2004 and was reported in the FY03-04 budget report.



Old Town Historic District

The Agency assisted the City in funding 85% of the cost associated with the hire of consultants to perform work associated with conducting a feasibility study for the establishment of a Historic District in the Old Town Project Area. Total Agency participation in this portion of the project this year is \$56,678. The formation of a Historic District will assist in attracting additional financing opportunities to area residents and property owners interested in investing in their properties.



PAL Program

The Agency funded \$15,000 to the Lompoc Police Activities League (PAL) to assist in operational cost for a youth program that provides a computer training class to youth at local area schools along with outreach to local at-risk youth. 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.



Economic Development Marketing

The Agency budgeted \$35,000 for Economic Development Marketing in FY04-05. The \$35,000 in RDA Economic Marketing funds was allocated to Kathleen Griffith, Economic Development Coordinator, for the City of Lompoc. The Coordinator expects to expend the RDA funds in the following manner by the end of this fiscal year:

Lompoc Valley Magazine	\$22,000
Fold Out Map	<u>\$ 6,000</u>
Total Expenditures	\$28,000

The Magazine is a 36-page lifestyle publication that promotes the City's Redevelopment Agency Project Area and Old Town. There is a centerfold map of Lompoc Valley with an insert of Old Town, including designations for historic buildings, wine tasting, shopping, art gallery, museum, and the Chamber of Commerce. These graphic depictions add to the allure of Old Town for future investment in business, tourism, and housing. Another \$6,000 will be used before the end of the budget cycle for the publication of a fold out detailed map of the City, including the Redevelopment Agency Project Area.



Redevelopment Staffing

The Redevelopment Manager position continues to be backfilled at the level of Redevelopment Program Coordinator and will work into the Redevelopment Program Manager position over time. The Program Coordinator position has improved the Agency's ability to participate in sophisticated transactions and develop written guidelines and procedures for Agency programs as well as provide technical support to other City Divisions. The Program Coordinator, Linda Wertman, has completed both the Economic Development and Housing Finance Certification Programs with the National Development Council, is certified in both Housing and Economic Development Finance, and is currently attending classes to complete a degree.



The Parking Lot Reserve Fund

The reserve balance is currently at \$55,000. No funds were expended in this past year.

Goals for the Fiscal Year

For the past ten 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 2005/2006 Work Program

Fiscal Year 2005/2006 is the sixth year in which the Agency will receive revenues from the 1998 expansion of the Old Town Redevelopment Project Area (Amendment One) and the third full year of revenue from the second expansion (Amendment Two) of the Old Town Redevelopment Project Area.

The increase in revenues from tax increment has grown rapidly over the past two years enabling the Agency to finance projects that would not have otherwise been feasible such as the Lompoc Aquatic Center. The Agency will use a large amount of its increased tax increment to debt service the Aquatic Center bond issuance of FY04-05, with FY04-05 reallocated funds designated to assist in the construction cost. The Aquatic Center will serve area residents and provide low-income households with alternative recreation activities and employment opportunities.

Several new housing programs will be funded and developed this year such as the First Time Home Buyer Program and Multifamily Façade Improvement Program.



Seismic Retrofit Financing

Although the Agency has in the past budgeted for the financing of seismic retrofit projects, this year's additional funding may increase the feasibility of addressing the retrofit of buildings with a larger amount of funds available. The agency will continue to fund this account over the next several years. This may attract building owners to make incremental progress toward the remediation of structural deficiencies; they are more likely to initiate retrofitting projects with additional funding from the Agency. In its task to meet its objectives to invest in projects and programs that remove barriers to investment in the Project Area, and invest in the creation of new jobs, the Agency is budgeting \$250,000 for Seismic retrofit financing, which is an increase to the existing fund of \$50,000. Staff has put together attractive financing options to further entice participation in the program.

Facade Improvement Program

In its task to invest in projects and programs that promote visual attractiveness in the Project Area, the Agency will increase its financing for façade improvement, with first priority given to businesses within the new Old Town Specific Plan area.

The Agency is budgeting \$450,000 for support of the program, which is a \$50,000 increase to last year's allotment. This level of funding includes \$15,000 for architectural design services for use by program participants

who are encouraged to obtain professional architectural services for new façade concepts; \$15,000 for the payment of permit fees; with the remaining \$420,000 for actual façade improvement work. This investment is one of the largest proposed in the Project Area to date, other than the Aquatic Center and it 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.



Pocket Park

The Agency will further contribute to the Negus Downtown Pocket Park by budgeting an additional \$50,000 to assist in predevelopment and construction cost for the development 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 our goal of promoting visual attractiveness in the Project Area.



Adopt -A-Block Program

\$7,500 has been budgeted for the Adopt-A-Block Program this year and will purchase an additional rotation of the Old Town Banners that will be used during the Flower Festival in the month of June. These funds will also continue to pay for the maintenance and rotation of the Holiday decorations. Fulfilling its objective of investing in projects and programs, which promote visual attractiveness in the Project Area. The program also provides for maintenance, rotation, and replacement of deteriorated banners.



Economic Development Advertising

Redevelopment will continue to fund this program at \$35,000. These funds will be used to publish marketing materials and a City Map in addition to 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's second CalHFA loan allotment balance of \$645,000 is budgeted and available for funding Single Resident Occupancy (SRO) projects, single-family home ownership projects, as well as acquisition and rehabilitation of affordable multifamily units. Some of the early loans are scheduled to repay in this fiscal year and should result in principal recapture of \$732,000 available for funding multifamily rehabilitation and acquisitions projects this year.

The Agency will allocate \$320,000 in loan funds to develop and fund a First Time Homebuyer (FTHB) program, \$150,000 will be allocated for a multifamily façade improvement program, \$300,000 will be allocated to the

affordable housing development program as well as \$200,000 for the continuation of Affordable Housing Rehabilitation and Acquisition funding utilizing our revolving loan funds. 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 individuals and households of Very-Low, Low and Moderate Income. The Agency will continue to work with organizations and individuals to create quality affordable housing.



Commercial Rehabilitation Incentive Program

The Agency will allocate \$450,000 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 such as: water impact fees; planning fees; and building fees; architectural design cost 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 helpful tool to develop the Old Town Redevelopment Area with projects of both commercial and residential uses that will enhance and serve area residents.



Aquatic Center

The Agency financial participation of the development and construction of the Lompoc Aquatic Center will provide \$536,889 in funding from FY04-05 and an additional \$30,000 in interest on bond proceeds for construction cost this year, in addition to \$316,600 in debt service on the bond issuance. The Aquatic Center will be completed in FY05-06.



Staffing

As funding for programs has increased, so has the 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. The Agency staff allocation will change this year with the Agency increasing and decreasing some personnel cost to reflect actual work time of key redevelopment staff as well as other staff performing duties directly associated with the project area development and purposes. Agency paid staff positions are listed under Revenues, Expenditures and Debt. The Grant Records position will remain vacant again this year until program participation increases the workload for commercial projects at which time the position will be recruited and filled.

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 \$2,149,926 in the Administrative Fund and \$816,470 in the Housing Fund. These balances are estimated and may include supplemental tax increment income that could not be identified prior to receipt in FY04-05.

The **Parking Lot Reserve Fund** was established in FY00-01 and shows up as part of the total revenue carryover in the amount of \$54,000. The fund reserve is to be used for maintenance, replacement of the parking lot surface and lot lighting.

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 \$204,000. Tax increment from the Amendment Area #1 is anticipated to be approximately \$1,174,000. Tax increment from the Amendment Area #2 this year is anticipated to be approximately \$70,000. Twenty percent of all tax increment received for Amendment Areas one and two by the Agency must be apportioned to the Agency Housing Fund.

Mitigation Fees the Agency receives \$15,000 per year for mitigation fees related to Arbor Square Apartments negotiated at the time that this tax exempted affordable housing project was approved. The Agency also anticipates some minimal underwriting fee (\$250 per review) income from the Housing Trust Fund Program.

Bond Proceed Interest on construction funds for the Aquatic Center is estimated to be \$30,000 and will be transferred to the construction account to be used for construction cost of the project.

Loan Payment Interest in the amount of \$58,100 is anticipated to be received from the debt service associated with our Commercial Loans, as well as Set-Aside and CalHFA loans currently in our loan portfolio.

Loan Payment Principal recapture for all loans is estimated to be \$1,407,000. CalHFA funds available for draw are \$645,000 with CalHFA recapture of existing loans maturing this year at \$732,000. It is estimated that \$30,000 in housing and commercial principal recapture will be received through amortization.

Interest Income represents an estimate of the return on funds held for use. Such income is estimated to be \$35,000 in the Administrative Fund and \$20,000 in the Housing Fund.

Total Estimated Available Funds for the Fiscal year are anticipated to be \$3,318,776 in the Administrative Fund and \$2,660,970 in the Housing Fund.

Expenditures

Major expenditures proposed for this fiscal year have been detailed above in the FY 2005/2006 Work Program. However, there are additional proposed expenditures worth mentioning.

Personnel Costs have increased this year due to several changes in staffing and position levels. The percentage of Agency staff expenses are outlined below with the FY04-05 salary allocation and the current FY05-06 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>Last Year FY04-05</u>	<u>Current FY05-06</u>
Executive Director	-0-	5%
Community Dev Director/Deputy Director	10%	20%
Redevelopment Program Coordinator	100%	100%
Housing Programs Technician	100%	100%
City Planner	-0-	20%
Economic Development Coordinator	20%	20%
Office Staff Assistant IV	10%	10%
Office Staff Assistant II	50%	50%
Staff Assistant –Executive Director	25%	5%

Administrative Service Charge expenses have increased slightly to \$29,525. 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 has stabilized and the Agency will fund at the same level as last year, with a contribution of \$35,000 to the Economic Development Coordinator’s program.

Training, Travel, Meeting Expenses are budgeted at \$19,500. The Program Coordinator has completed the majority of her training, however the Agency staff must continue to attend meetings and conferences to keep abreast of changing legislature, funding opportunities and other redevelopment and financing issues that require constant updating of information and materials. The Housing Programs Technician will continue to

aggressively 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 a Residential Façade Program as well as First Time Homebuyer direct assistant programs.

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 FY05-06 to be \$401,010, of which \$77,510 is an ERAF tax shift. This shift of \$77,510 is the last of the two years' requirement. State law requires that a portion of all Tax Increment is returned to the Lompoc Unified School District, the City's General Fund, the Lompoc Cemetery District, the Lompoc Hospital District, Allan Hancock College, the County General Fund, and several water and river conservation districts.

Debt

The Agency took on the additional debt of \$7,350,000, in FY04-05 through the Aquatic Center bond issuance and has not planned any additional debt for this fiscal year.

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 2005-2006, the Administrative Fund is anticipated to have an estimated Unreserved Fund Balance of \$64,950 in addition to the \$54,000 in the Parking Lot fund Reserve; the Housing Fund, approximately \$80,920.

Conclusion

We are encouraged by the continued increases in Tax Increment as business owners and developers continue to invest in the Project Area. Our revenue projections are very positive as we see projects in plan check that will add significant new Tax Increment in the Project Area, such as the mixed-use Coastal Visions building on South "H" Street, the commercial Grefco Project, the "H" & Ocean project, as well as the River Terrace housing project at the site of the Grefco drying ponds.

Thanks to the current low interest rates and the City's friendly development attitude, Lompoc is experiencing new commercial and housing development interest. People are moving into our City and bringing with them the demographics necessary to attract business that will provide residential services, such as shops, restaurants and other service industries necessary to sustain this new population. With this population come jobs and opportunities of an elevated standard of living for our existing residents.

Investors are buying property, especially residential property, at a fast pace. This new investment activity will increase expectations that the Agency will 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, we intend to meet those expectations.

Special thanks goes to: Gary Keefe, City Administrator/Executive Director, Arleen Pelster, Deputy Director, and John Walk, Management Services Director, for their support; Christie Alarcon, Housing Programs Technician for her outstanding work with the Inclusionary Housing Program, Monitoring Program, her assistance with program design and research as well as general report development. Appreciation is also extended to the Planning and Building Division staff with whom we work so closely. Lastly, I would like to thank the Agency Board for their support, leadership and dedication to the Redevelopment Area residents and the City of Lompoc. We look forward to a prosperous 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