

Mayor
Willard Rodarmel
Mayor Pro Tem
John Plourde
Council Members
John Gordon
John Murray
William Siegel



**Office of the
City Manager**

119 Fox Street
Lemoore ♦ CA 93245
Phone ♦ (559) 924-6700
FAX ♦ (559) 924-9003

Staff Report

SS Item #

2

To: Lemoore City Council
**From: Jeff Britz, City Manager
Judy Holwell, Project Manager**
Date: May 10, 2012
Subject: Economic Development Options after Dissolution of Redevelopment

Discussion

During the past year and one-half, much of our efforts were spent on activities associated with the elimination of redevelopment and a desperate attempt to protect as much future tax increment as possible. As you recall, over \$19 million in bonds were issued, an agreement for staffing services between the City and the Redevelopment Agency (RDA) was approved, and an Opt-in Remittance Ordinance, meant at keeping our RDA alive, was adopted. However, many of our efforts were futile, because at the end of the day, Governor Brown's plan to eliminate redevelopment (AB 26), but allow for its continuance if the RDA voluntarily paid the ransom amount (AB 27) backfired. Redevelopment was eliminated, agreements between cities and agencies were void, and there was no ability to opt-in. With the unforeseen outcome of redevelopment, cities are now looking into alternative options to provide economic development activities in their respective communities.

The main objective of redevelopment was to reduce blight in a community and economic development activities were a key element in making that happen. In Lemoore, economic development activities consisted of reducing visual blight, such as the cleanup of Buy N Split Market, and economic blight, such as filling up vacant buildings. These undertakings not only reduced blight, but also stimulated our economy and as a result, additional revenues were generated which helped pay for City services and improvements to our local infrastructure. The following activities were aimed at attracting appropriate businesses to the community, creating employment opportunities, and supporting business retention and expansion:

- ◆ Market commercial and industrial properties for development
- ◆ Network with retail developers to fill vacant buildings and land
- ◆ Promote the creation of additional job opportunities
- ◆ Liaison to the Downtown Merchants Advisory Committee
- ◆ Provide business assistance through a Façade Improvement Program

- ◆ Partner with Kings EDC to provide:
 - Business attraction
 - Direct business outreach
 - Business retention and counseling assistance
 - Business loan services
 - Attend trade shows, conventions, and conferences
 - Manage the Kings County Enterprise Zone Program
- ◆ Partner with the Lemoore Chamber of Commerce to provide:
 - Coordinate business training workshops
 - Promote shop local campaign
 - Offer events aimed at attracting visitors to Lemoore
 - Hire and oversee coordinator position to support Downtown businesses
 - Maintain information in kiosks to promote businesses and community events

Redevelopment was the primary funding source for our economic development activities and many City departments were the recipients of such funds. However, over the last several years, the main functions were performed by the now defunct Redevelopment Division. Activities included performing managerial and clerical duties related to property transactions, disposition and development agreements, owner participation agreements, responding to business requests for proposals (RFP) and request for information (RFI), marketing, networking, and acting as the key community liaison and point of contact for businesses, developers, site selectors and brokers. The following are some noteworthy projects and activities:

- ◆ Leprino Foods Co. – two (2) owner participation agreements with for a combined total of nearly 1,000 new employment opportunities in Lemoore
- ◆ 19th Avenue Interchange Project – assistance on a project 28 years in the making and necessary for business development south of State Route 198
- ◆ Gary V. Burrows – relocation and expansion of bulk petroleum plant from Central Lemoore to the Lemoore Industrial Park
- ◆ Buy N Split Market – acquisition, training burn, clearing of site, and ongoing contamination remediation
- ◆ Lemoore Stadium Cinemas – business assistance and loan
- ◆ Multimode Transit Station – relocation of Strathmore train depot and development of site including arbor and water feature
- ◆ Façade improvement projects:
 - Best Buy Market
 - The Body Shop
 - Kaufmann’s Family Dentistry
 - Lemoore Auto Mall
 - Lemoore Food Locker
 - Lemoore Furniture
 - Maria’s Furniture
 - McCann & Sons
 - Mural on side of Leprino East (Chamber application)
 - Kings County Office of Education (includes facility use agreement)

In addition to the revenue generated from redevelopment, the City applied for and received grants in support of economic development. Such awards included the following:

- ◆ \$300,000 – Community Development Block Grant (CDBG) grant for the Micro Façade Improvement Program
 - Rickie's Electronics
 - Creative Designs
 - Artistic Designs
 - Kings Printing/Jim's Thrift Store
- ◆ \$70,000 – CDBG grant for a Reuse Study for Underutilized Commercial Shopping Centers
 - Lemoore Town Center
 - Lincoln Center
 - Pioneer Square
- ◆ \$2,080,000 – Federal Economic Development Administration grant for public works projects related to economic development
 - Waste Water Treatment Plant Headworks Project
 - Industry Way/Production Place – Street, Water, & Sewer Line Installation Project

Other economic development functions paid with Redevelopment Agency funds included printing and publication of marketing materials for business outreach, the Shop Local signs, the Buxton Retail Attraction Study, and membership to the California Association for Local Economic Development (CALED), membership to the California Redevelopment Association (CRA), and membership to the International Council of Shopping Centers (ICSC).

The City as the Successor Agency is now tasked with managing the functions of unwinding the former Redevelopment Agency, which is in stark contrast to our prior ability to perform economic development related activities. Every undertaking of the Successor Agency pertains to the dissolution of our once thriving RDA and we are required to prepare documents and meet deadlines imposed by the State of California.

Soon, the Successor Agency, with Oversight Board direction, will be required to begin liquidating the assets of the former Redevelopment Agency, which includes selling off all of the commercial and industrial land currently held by the Successor Agency in the Lemoore Industrial Park. This will require marketing the properties, negotiating the sales, preparing documentation for meetings, and seeing each transaction through to the close of escrow. Funding for these administrative costs are an obligation of the Successor Agency and are identified on the Enforceable Obligation Payment Schedule, as well as the Recognized Obligation Payment Schedule. However, the funds clearly cannot be used for the furtherance of economic development activities because it does not fall within the purview of the duties of the Successor Agency.

Economic development is viewed by many as a way to steers the direction of growth, which can ultimately lead to increased prosperity for the community and an improved quality of life for our local citizens. Because economic development has been an integral function of the City, Council may want to consider continuing to offer some or all

of the services that were previously provided and/or implement new options, such as various forms of business incentives, which may include:

- Business assistance loans (state and federal grants opportunities)
- Sales tax sharing agreements
- Property tax rebates

Implementing either of the two tax sharing/rebate options listed above may be risky. Typically these taxes are deposited into the General Fund to pay for City services such as Police, Public Works, Planning, Recreation, and administration. When tax sharing or rebating is involved, the City would not be able to designate those funds for such services. This risk did not exist when business incentives were paid through the RDA.

Attached is a document published by CRA titled 'Creating Economic Development at the Local Level'. It describes one city's quick approach to re-establishing economic development activities following the dissolution of redevelopment. As you will see the City of Alhambra adopted an ordinance authorizing various economic development activities. Funding was not specifically identified; however several potential financing sources are listed.

Additionally, the League of California Cities is offering a webinar on May 10th to discuss the concept of Community Development Corporations (CDCs). CDCs are non-profit organizations that secure private and public capital through the development of residential and commercial property. It is a tool that has been used in the U.S. for several years to promote community revitalization. A copy of the Background Report is attached for your review. At the time of finalizing this report, the webinar had not yet been presented. Staff will update Council during the Study Session.

During Tuesday evening's Study Session, staff will review our economic development activities and discuss potential options for future economic development in Lemoore. Additionally, Jay Salyer from KEDC and Maureen Azevedo from Lemoore Chamber will be in attendance to address the benefits to the community by continuing the partnership we share with them.

Council is asked to consider the benefits of economic development and discuss future activities desired and potential funding mechanisms. The identification of a complete new strategy may not be able to be determined after a 30-minute discussion. Therefore, you may want to treat this item as Part 1 of a multi-part discussion.

Budget Impact

None at this time.

Recommendation

Discussion only.