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City Manager**

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Staff Report

ITEM NO. 4-4

To: Lemoore City Council
From: Jeff Laws, City Manager 
Date: October 17, 2014 **Meeting Date:** October 21, 2014
Subject: Memorandum of Understanding with The CrisCom Company

Discussion

Over the last couple of months, many discussions have ensued regarding the need for additional retail stores in Lemoore. Retail generates sales tax revenue, which is used to pay for City services and the salaries for employees to provide such services. Due to the expressed desire to pursue additional retail development, Mayor Wynne has added this item to the agenda for Council's consideration.

As noted in my staff report dated August 14, 2014, Council was presented with a Memorandum of Understanding from Charles H. Jelloian, President and CEO of The CrisCom Company (CrisCom), to provide lobbying efforts in pursuit of funding for the Lemoore Police Department and retail attraction services for the City. As indicated, CrisCom specializes in governmental affairs, business development, and public relations. As you know, Council approve the continued contractual relationship with CrisCom for lobbying, but tabled the discussion regarding business attraction services.

Subsequently, a study session was held to discuss economic development and the goals of the City. During the session, revenue generation received from property tax and sales tax was discussed. It was noted that for every \$1,000,000 assessed value of properties, the County collects \$10,000 of property tax. Of the \$10,000, the City receives \$95.43 (based on the current City Factor of .9543 percent). Conversely, for every \$1,000,000 in taxable sales, the City receives \$7,500 (based on .75 percent).

As you may recall, the Buxton Retail Attraction Study identified that the people of Lemoore have money to spend, but because Lemoore lacks retail opportunities locally, they are spending it in other communities. As a reminder, \$200,000,000 earned by the people of Lemoore is spent in other communities, which is referred to as retail leakage. This equates to \$1,500,000 in potential sales tax revenue that is lost to other communities.

Good things are happening in Lemoore. Recently, the U.S. Navy announced the homebasing of the F35-C Joint Strike Fighter at NAS Lemoore, and two additional squadrons are scheduled to arrive in 2016. This will bring approximately 3,000 additional

people to our area. Additionally, nearly all of the housing subdivisions that were on hold following the decline of the economy in 2007 are either under construction, or are scheduled to begin construction soon. Also, the 19th Avenue Interchange is scheduled for completion in early 2015. And, West Hills College Lemoore continues to grow. Each of these items alone are noteworthy, however, all of them together make Lemoore prime for business development.

Attached is a Memorandum of Understanding from The CrisCom Company, which list the Scope of Work for the business attraction services. Mr. Jelloian boasts of numerous personal relationships with developers and retailers and promises to bring as many as will come to tour our community. Even though the City does not yet have a contract with Mr. Jelloian, he has already brought one of his contacts to Lemoore to meet with City staff and tour the community. Several sites appealed to him. Another developer is set to visit Lemoore sometime in the next two weeks. Proposed meeting dates have already been exchanged. Additionally, Mr. Jelloian states that he has had many successes with Caltrans, which could prove to be very beneficial for development west of Highway 41.

Mr. Jelloian would be expected to market and promote Lemoore, arrange meetings and site visits with developers and business owners, advise staff regarding potential development projects and possible concerns, and advocate on the City's behalf. The goal would be to attract new retail development to Lemoore with an emphasis on increasing the City's sales tax revenue, property tax revenue, and local job opportunities.

The fee proposed by CrisCom for business attraction services remains the same at \$3,500 per month. The term of the agreement would be for one year commencing on November 1, 2014, and either party could terminate the agreement without cause at any time by providing a 30-day written notice. Mr. Jelloian will be in attendance at Tuesday evening's Council meeting and he would be happy to answer any questions you may have.

I believe I speak for Council when I say that industrial development is a priority as well, because jobs are needed to support retail development. Kings County Economic Development Corporation (Kings EDC) has asked that after the new Council is seated in November, that Council reconsider funding its industrial development and business retention efforts. I will make sure that Kings EDC is added to the agenda following the seating of the new Council, if directed to do so by Council.

Budget Impact

The impact to the General Fund for business attraction consulting services would be \$3,500 per month (\$42,000 for the year).

Recommendation

It is recommended that Council, by motion, approve the Memorandum of Understanding with The CrisCom Company for business attraction consulting services.



SCOPE OF WORK

Business Attraction Consultant: The CrisCom Company will work with the City of Lemoore to facilitate economic development opportunities for the City and agree to the following scope of work:

- Promote Lemoore as a unique and desirable place to do business
- Work with the City to facilitate economic development opportunities
- Identify prospective developers for commercial projects in Lemoore
- Arrange and participate in initial developer meetings and site visits in Lemoore
- Share leads with the City of any potential development regardless of the type
- Communicate with the City Manager and the Project manager on a regular basis
- Provide information, guidance, and solutions to City staff for commercial development
- Become familiar with Lemoore's commercially zoned properties and other areas that may be suitable for development
- Advise the City of networking opportunities with commercial developers
- Advise the City of potential media, press release and other announcement opportunities aimed at marketing development projects

COMPENSATION & COST

The CrisCom Company will agree that the fee for our services shall be \$3,500 per month. This fee shall be in advance of services to be rendered. All reimbursable expenses over \$50 shall be pre-approved by the City of Lemoore. CrisCom will not ask for reimbursement of ordinary business expenses, such as telephone, postage and delivery charges.

The CrisCom Company's Federal Tax I.D. Number is: 95-4628989

TERM

This agreement will commence on November 1, 2014, for a period of one year, expiring October 31, 2015. Either party may terminate the relationship, with or without cause, on a 30 day written notice.