

RESOLUTION NO. 92-096

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF NOV 5 1992

ISSUANCE OF REQUEST FOR PROPOSALS FOR COMMERCIAL REVITALIZATION COORDINATOR CONTRACTS; APPOINTMENT OF SELECTION COMMITTEES; ONE YEAR COMMERCIAL REVITALIZATION PROGRAM (24TH STREET AND FLORIN ROAD); AMENDMENT OF AGENCY BUDGET FOR OAK PARK COMMERCIAL REVITALIZATION; AND AMENDMENT OF DOWNTOWN RETAIL RECRUITMENT SPECIALIST CONTRACT

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1: The Executive Director or his designee is authorized to issue a Request for Proposals (RFP) for commercial revitalization services for the targeted areas of Oak Park, Del Paso Boulevard and the City portions of Stockton Boulevard and Franklin Boulevard.

Section 2: The Executive Director or his designee is authorized to appoint Selection Committees to be comprised of the following: one Sacramento Housing and Redevelopment Commissioner; two (2) business representatives from the business association in the contracted area; two (2) members of the Project Area Committee, if any, in the contracted area; the Agency Director of Community Development or her designee, and a city official from outside Sacramento County familiar with economic development programs.

Section 3: The Executive Director or his designee is authorized to establish a one-year commercial revitalization program at 24th Street and Florin Road (the NW, SW, and SE corners) to be administered by Agency staff in accordance with the Guidelines attached hereto as Attachment II, pending approval of the City Council and receipt of 1993 Community Development Block Grant application funding.

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Section 4: The Executive Director or his designee is authorized to amend the Agency budget to transfer \$53,600 from the Oak Park developers' assistance fund to the Oak Park commercial revitalization coordinator fund to contract with an Oak Park commercial revitalization coordinator for an additional two years.

Section 5: The Executive Director or his designee is authorized to amend the downtown retail recruitment specialist contract to extend the term for an additional two-month period until December 31, 1992 and increase the compensation by \$8,000 for a maximum compensation not to exceed \$68,000.

Core Rudin
CHAIR

ATTEST:

Talrie A. Burrows
SECRETARY

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ECONOMIC DEVELOPMENT PROGRAM
GUIDELINES

I. INTRODUCTION

The Economic Development Program is designed to stimulate building improvements and upgrade the appearance of commercial properties in commercial revitalization target areas. The facade rebates and commercial loans are provided in recognition of the extremely valuable impact these investments have on the effort to maintain the vitality of the commercial areas. The administration of this program will be the responsibility of the Sacramento Housing and Redevelopment Agency through the Economic Development Division. The Economic Development Program will initially be funded with Tax Increment and Community Development Block Grant (please note Federal regulations require that Davis/Bacon wages be utilized by contractor in CDBG areas) and subsequently by other funds when available.

These guidelines have been developed to present the basic elements of the Economic Development Program with specific emphasis on the eligibility criteria for selection of applicant/areas, types of improvements and reimbursable expenditures. All improvements must be consistent with the design guidelines and established for the target area.

II. ELIGIBLE APPLICANTS/AREAS

A. Applicants

Owners and tenants of commercial property located in targeted areas are eligible to apply for assistance.

Tenants are required to provide documentation of the property owner's consent of the improvements at the time of initial application. Written consent may either be in the form of a lease indicating the lessee's responsibility for property renovation or documentation of the property owner's agreement to the proposed rehabilitation.

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B. Targeted Areas

Areas which are located within commercial revitalization target areas or designated redevelopment project areas are eligible for assistance under this program. (See attachment for a map of eligible areas). Buildings over fifty years old may require review by the State Office of Historic Preservation. In addition, facade easements may be required.

III. ELIGIBLE REIMBURSABLE EXPENDITURES

A. Storefront Improvements

Approved property owners and merchants who install at least \$500 of improvements per storefront are eligible for a rebate up to 50% of the costs. The Agency's maximum rebate is \$5,000 per storefront for all approved improvements. If a building has several storefronts, each storefront may be eligible for a rebate of up to \$5,000. When roof improvements are included in the storefront project, the maximum rebate increases to \$7,500 per storefront. Downtown areas are eligible for \$10,000 per storefront and \$15,000 for historic buildings.

For this program, "storefront" is defined as follows:

- The entire exterior front surface of a building from grade to the roof line. Improvements above the storefront level, including roof repairs and roof replacement, are only eligible when performed in conjunction with storefront improvements. Where a building abuts two streets and/or an alley, empty lot, parking area, or open space, such building may have other faces considered storefronts if visible from the main commercial strip at the discretion of the Economic Development Division. Decorative fencing and landscaping of vacant parcels adjacent will also be considered on an individual basis.

Professional, legal, architectural and City/County permit fees may be included in the total storefront improvement costs.

Rebates will be made after improvements are completed. Receipt of

the rebate is subject to an inspection by Agency staff and the submission of complete documentation of project costs, including:

- 1) a payment request form;
- 2) invoices and/or contracts;
- 3) the applicant's canceled checks or receipts, showing the costs have been paid in full;
- 4) copies of building permits;
- 5) all contractor's waivers of liens;
- 6) labor compliance review for CDBG areas; and
- 7) a photograph of the building after completion of the storefront improvements.

IV. ELIGIBLE TYPES OF IMPROVEMENTS

A. Eligible improvements may include:

- storefront renovation;
- signs;
- doors;
- windows;
- shutters;
- awnings;
- graphics;
- exterior lighting improvements;
- landscaping;
- decorative fencing and landscaping of vacant parcels in connection with a storefront treatment;
- capital improvements such as surface parking lot installation and improvements, sidewalks, lighting, curbs and gutters in conjunction with storefront work;
- alarm systems, security systems;
- roofs in conjunction with storefront work; and,
- certain types of passive energy conservation improvements.
- downtown office space is not eligible.

All improvements must conform with the City and County of Sacramento Building Codes and the Design Guidelines adopted for the area. Participant's proposals will be subject to design review by the design review committee for the area and finance committee. A review by City Design staff is necessary for projects in Oak Park, on Marysville Boulevard, or on Stockton Boulevard between Broadway and 14th Avenue, and downtown areas.

The applicant has the right to appeal the decision of the Loan Review Committee to the full Sacramento Housing and Redevelopment Commission.

III. ELIGIBLE ACTIVITIES COMMERCIAL LOAN

Activities eligible for funding under the program include normal project development including costs, but not limited to:

A. Rehabilitation

The financing may be used for the following:

- 1) Rehabilitation of code violations
- 2) Repairs to or replacement of a roof
- 3) New electrical service or other wiring changes
- 4) Repair of broken windows or doors
- 5) Replacement of furnaces and water heaters
- 6) Repair and painting of exterior walls
- 7) Repair or replacement of faulty plumbing and fixtures
- 8) Installation of smoke detectors
- 9) Installation of fire extinguishing sprinkler systems
- 10) Facade improvements

- 11) Replacement of principal fixtures and components of existing structures where directly related to code compliance, limited to first/primary floor only
- 12) Renovation through alterations to, or enhancements of, the interior of existing structures where directly related to code compliance
- 13) Professional, legal, architectural, engineers, City/County permits, loan closing fees, appraisal
- 14) Acquisition of existing buildings when at least 50 percent of the project costs involve rehabilitation activities
- 15) The purchase and installation of non-removable, non-personal machinery and equipment, inherent to the business to be located on site. This equipment must have a depreciable useful life of more than ten years
- 16) Energy saving devices, material or equipment
- 17) Expansion of existing structure not to exceed 20 percent of floor space

B. New Construction - Modernization

The financing may be used for the following:

- 1) The acquisition of land as part of a new development project, including buildings to be demolished
- 2) Demolition/site clearance costs
- 3) New construction expansion, renovation and modernization including on and off site improvements
- 4) The purchase and installation of non-removable, non-personal machinery and equipment, inherent to the business to be located on the site. This equipment must have a depreciable useful life of more than ten (10) years
- 5) Parking lots

- 6) Professional, legal, architectural, engineers, City/County permit, loan closing fees, appraisal

All rehabilitation and new construction activities must conform with the City or County of Sacramento building and zoning codes. The Agency Construction Management staff must approve all plans as to feasibility of the project.

C. Other Includable Loan Costs

- 1) Credit report
- 2) Policy of title insurance
- 3) Structural pest control report
- 4) Loan Contingency. An amount not less than ten percent (10%) of the budgeted cost of all improvements is to be included in the budget to cover cost overruns and required construction changes during the construction period. The borrower must authorize the use of this contingency by change order and the Agency must approve the disbursement. Should funds remain in the contingency amount after project completion, this excess amount will be credited against the loan principal.
- 5) Inspection fees: appraisal, property inspection reports, and all building permit fees; and,
- 6) Architectural and/or engineering services up to a maximum of 10% of the total construction cost.

IV. INELIGIBLE LOAN ACTIVITIES

- 1) Any costs incurred prior to loan approval except for services required for the loan application process; i.e., architectural and engineering, appraisal.
- 2) Equipment which is moveable or has a depreciable life of less than ten (10) years, such as office equipment, hotel room furnishings or minor tools.

- 3) Investme... in working capital, advertising, training, operating losses, start-up costs, inventory, accounts receivable, cash for operational or compensating balance purposes.
- 4) Expenses paid to any individual or organization which is not an independent third party to the project.
- 5) Developer fees, profit and overhead.
- 6) Existing equity in the property.
- 7) Previously incurred franchise or other business development costs.
- 8) Any financial restructuring of debt.

C. Maximum Loan Amount

The maximum loan amount shall be determined as the lesser of the following:

- 1) A maximum of \$100,000.00.
- 2) An amount which, when added to the outstanding indebtedness, does not exceed 90% of the after rehabilitation appraised value of the property.
- 3) Historic structures in the downtown area of the City of Sacramento are eligible for \$250,000.00.
- 4) The applicant must be able to contribute at least 10% of the total cost to the project.