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## SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

March 17, 1982

City Council of the  
City of Sacramento  
Sacramento, California

APPROVED  
BY THE CITY COUNCIL

MAR 23 1982

CITY MANAGER'S OFFICE  
RECEIVED

MAR 17 1982

Honorable Members in Session:

SUBJECT: Development of an Action Plan for Revitalization of the Stockton  
Boulevard Strip

OFFICE OF THE  
CITY CLERK

### SUMMARY

Your Council has authorized use of \$80,000 in Community Development Block Grant (CDBG) funds for commercial improvement along Stockton Boulevard. Our recommendation is to have a developed action plan for renewal of the strip prior to expenditure of the funds. This report outlines our recommended approach to development of that action plan.

### BACKGROUND

Two Local Development Corporations (LDC's) have expressed an interest in assisting us with organizing the business community along Stockton Boulevard. They are the Fruitridge Development Corporation (FDC) and the Economic Development Foundation (EDF). These two organizations are vastly different in background and orientation although both are organized under the same State and Federal (Small Business Administration [SBA]) guidelines.

The EDF maintains a County wide interest in developing businesses and has processed a number of loans through the SBA, some using County funds as well. The FDC maintains a localized interest in the Fruitridge area and has many of the area's business persons as members. Both have already devoted considerable time and effort to this project.

Our proposal (outlined in the attached Memorandum of Understanding and presented to you in conceptual form in our staff report of February 1, 1982--also see attached) is to use the planning and analytic capabilities of Agency staff in conjunction with the loan packaging capabilities of EDF and the local relationships developed by FDC. Responsibilities can be generally divided as follows:

- 1) Agency staff will prepare a draft improvement plan for the strip outlining needed improvements, strategies, and programs. Consultants may, or may not be involved, as needed.
- 2) FDC will review this draft plan, provide its input and present the plan to local businesses, obtaining commitments from as many as possible.

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- 3) EDF will work with individual businesspersons to obtain financing for needed improvements.

## FINANCIAL DATA

A total of \$80,000 has been allocated for this program. Of that, both FDC and EDF initially asked for \$12,000 each for services provided in their role (see attached budgets). In the opinion of staff, based on similar efforts elsewhere, we should not pay more than \$15,000 for LDC participation in a project of this nature. Ideally, we want to reserve as much money as possible for loans to businesses. It is therefore our recommendation that FDC, in their lead LDC role, be contracted with for a maximum of \$9,000 worth of services and that EDF be contracted with for a maximum of \$6,000. This is agreeable to the two.

Some of the amount targeted for loans to businesses (not to exceed \$20,000) may be for architectural renderings and/or preparation of special planning area (SPA) design plans.

The County has made available \$40,000 for commercial rehabilitation loans and \$340,000 in business development loans from their 1982-83 CDBG program, some or all of which may be used in this area following development of a specific improvement plan. It is assumed that City loan money would be processed under similar program guidelines.

## VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of March 15, 1982, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES: Coleman, Knepprath, Luevano, A. Miller, Teramoto, Walton

NOES: None

ABSENT: Fisher, B. Miller

ABSTAIN: Angelides

## RECOMMENDATION

The staff recommends approval of the proposed approach to development of the Stockton Boulevard work program and allocation

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of \$15,000 of the \$80,000 in funds earmarked for Stockton Boulevard to the two IDC's as discussed. Contracts will follow.

Respectfully submitted,

*William H. Edgar*

WILLIAM H. EDGAR  
Executive Director

TRANSMITTAL TO COUNCIL:

*Walter J. Slipe*

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WALTER J. SLIPE  
City Manager

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding made and entered into this 4th day of March, 1982, between the FRUITRIDGE DEVELOPMENT CORPORATION (FDC) and ECONOMIC DEVELOPMENT FOUNDATION (EDF).

WHEREAS, the Community Development Block Grant South Sacramento target area desires economic stimulation of the business districts located therein; and

WHEREAS, the City of Sacramento has requested the FDC to participate in utilizing certain funds for improvement of the Stockton Boulevard area; and

WHEREAS, the EDF possesses the economic development and financial expertise to implement projects with a combination of local funds, private funds, and assistance from various Small Business Administration programs; and

WHEREAS, in the spirit of cooperation and for the economic and social betterment of the residents of the community, the EDF and FDC desire to work together towards improved economic activity in the area, the parties do now agree:

(1) That EDF and FDC shall work together to bring about the economic development of the South Sacramento City and County community.

(2) That FDC shall utilize the composition of its membership to generate economic development projects.

(3) That EDF will provide consultant services in the form of Loan Pool Service by utilizing their certification with SBA as a Certified Development Corporation (CDC). Additionally, EDF will maintain accountability through its accounting system for loans granted to businesses generated by FDC.

(4) -That EDF, through procedures established by Sacramento Housing and Redevelopment Agency (SHRA), will make low interest loans to persons capable of establishing new businesses or expanding existing businesses in the South Sacramento City and County area.

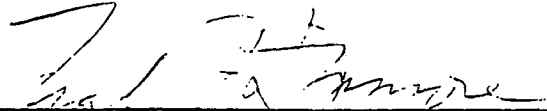
(5) That FDC will have sole accountability for CDBG funds expended for planning and general coordination of the development process along Stockton Boulevard.

(6) That SHRA will coordinate technical assistance through the State Local Economic Development Office, at no cost to FDC.

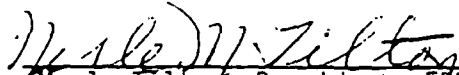
WHEREAS, this Memorandum of Understanding may be canceled by either party by providing the other party fifteen (15) days written notices.

MEMORANDUM OF UNDERSTANDING  
FDC / EDF  
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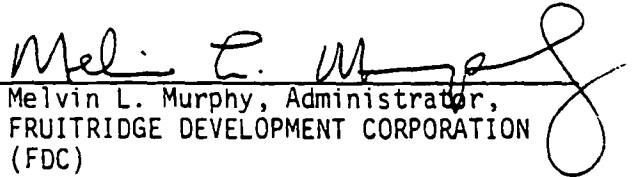
IN WITNESS WHEREOF, the parties hereto have affixed their signatures the day and year first above written.



Frank Dinsmore, ECONOMIC DEVELOPMENT  
FOUNDATION OF SACRAMENTO, INC. (EDF)



Merle Tilton, President, FRUITRIDGE  
DEVELOPMENT CORPORATION (FDC)



Melvin L. Murphy, Administrator,  
FRUITRIDGE DEVELOPMENT CORPORATION  
(FDC)



FRUITRIDGE DEVELOPMENT CORPORATION

4441 FRUITRIDGE ROAD  
SACRAMENTO, CA 95820

(916) 456-4701

March 5, 1982

Mr. Bob Smith, Deputy Director  
Sacramento Housing and Redevelopment  
Agency  
630 "I" Street  
Sacramento, CA 95814

Dear Mr. Smith:

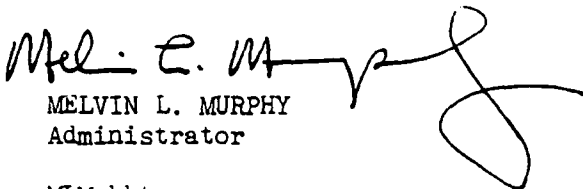
At its monthly meeting of the Board of Directors, the Fruitridge Development Corporation (FDC) unanimously approved both the enclosed Memorandum of Understanding and the Proposed Planning/Implementation Budget, which is for six (6) months.

During this period, FDC will develop a proposal and coordinate with your agency and the Economic Development Foundation (EDF) to develop a full economic development plan for the Stockton Boulevard and Fruitridge area.

The Board has directed me to coordinate these activities and the development of the proposal to be submitted. However, I must inform you that I will not seek the full-time administrators position after this process has been completed.

It is my feeling that we have developed a better working relationship during these negotiations, and I would like to personally thank you for your involvement in the process. I look forward to working with you. Should you have any questions, please don't hesitate to contact me at (916) 451-7262.

Sincerely,

  
MELVIN L. MURPHY  
Administrator

MLM:kkt

Enclosures

cc: Lloyd Connelly  
Joe Serna  
Illa Collins



FRUITRIDGE DEVELOPMENT CORPORATION

4441 FRUITRIDGE ROAD  
SACRAMENTO, CA 95820

(916) 456-4701

Board of Directors Meeting

March 4, 1982

5:00 P.M.

A G E N D A

- I. CALL TO ORDER
- II. PRAYER
- III. APPROVAL OF PREVIOUS MEETING MINUTES (January 7, 1982)
- IV. PRESIDENT'S REPORT
  - A. Election of Officers
  - B. Appointment of Additional Board Members
  - C. Identification of Twenty-Five (25) Members
  - D. 2nd Annual Membership Luncheon Report
- V. TREASURER'S REPORT
  - A. 2nd Annual Membership Luncheon
  - B.
- VI. ADMINISTRATOR'S REPORT/ACTION ITEMS
  - A. Approval of Memorandum of Understanding
  - B. Approval of Planning/Implementation Budget
  - C. Review of the Proposed Operating Budget
  - D. Progress Report On Organizational and Loan Pool Service
- VII. Old Business
- VIII. New Business/Announcements
- IX. Adjourn

Fruitridge Development Corporation  
 PLANNING/IMPLEMENTATION (6 MOS.) BUDGET  
P R O P O S E D

A) Administration		
I. Administrator	500.00	3,000.00
II. Recording Secretary	350.00	2,100.00
III. Operating Expenses		
a. Space Cost		
1. Rent	280.00	1,680.00
b. Utilities		
1. Gas	50.00	300.00
2. Lights	75.00	450.00
c. Supply Expense/Equipment		
1. Office Supplies	115.00	690.00
2. Postage	80.00	480.00
3. Typewriter	75.00	450.00
d. Printing Cost		
1. Newsletter	150.00	900.00
2. Duplicating Expense	100.00	600.00
e. Communication System	250.00	970.00
f. Miscellaneous		380.00
B) Joint Venture Agreement		
I. Economic Development Foundation		3,000.00
C) Studies		
I. Economic Development Study		5,000.00
II. Architectural Review Design		20,000.00
D) Loan Pool		
I. Available Leverage Monies		<u>40,000.00</u>
OVERALL TOTAL		<u><u>80,000.00</u></u>





**ECONOMIC DEVELOPMENT FOUNDATION** of Sacramento, Inc.  
A Federally Licensed, Certified Development Corporation

**SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY**  
**Stockton Boulevard Economic Development Program**  
**Budget Proposal - \$12,000**

This budget proposal is submitted by the Economic Development Foundation for the provision of assistance to businesses located on Stockton Boulevard. Funds allocated under this proposal will be used solely to benefit Stockton Boulevard businesses unless otherwise agreed by the Sacramento Housing and Redevelopment Agency.

The scope of services to be provided by the Economic Development Foundation will be primarily project financing and technical assistance to individual businesses located on Stockton Boulevard. Outreach and organizational meetings by the Foundation, and related to area business organizations are not included in the budget proposal and shall be minimal.

**I. Scope of Contractors Work**

- A. The Economic Development Foundation agrees to meet with individual merchants located on Stockton Boulevard and to provide financial counseling on any proposed projects. This will include a general explanation of available loan programs and recommendation for use of the most appropriate programs.**
- B. The Foundation will provide qualified loan applicants with the documents necessary to prepare a loan proposal. Upon completion of the application the Foundation will review and evaluate the proposed project with the applicant. This will include an evaluation of the projects potential success**

as well as a referral to financial institutions which may be interested in participating in this type of project. If necessary, the Foundation will accompany the applicant to the financial institution and make a project presentation to the appropriate offices of the bank. In essence, the Foundation will use its' experience and resources to obtain the best possible financing of projects to be located on Stockton Boulevard.

- C. In the case of the Small Business Administration 503 loan programs the Foundation will present projects which have obtained a bank commitment to the regional office of the SBA. Upon SBA approval the Foundation will prepare and execute the legal documents necessary to allow project construction to begin. During the course of project construction the Foundation will advise the applicant on procedures necessary to ensure a smooth transition to SBA long term takeout project financing. The Foundation will also prepare and execute all necessary closing documents for the SBA loan. All attorneys' fees, normally \$1,000 per project, are absorbed the Foundation.
- D. When operating the Sacramento Housing and Redevelopment Agency revolving loan program the Foundation will prepare and execute all loan closing documents necessary to ensure the public are secured by the best available collateral of the loan applicant. In addition, the Foundation will service these loans throughout their term at no additional expense to the applicant or SHRA. This includes in the event of a default paying the SHRA off on the loan and foreclosing on the loan recipients pledged collatera.
- E. The Foundation will also negotiate and supervise a contract for architectural services for the Stockton Boulevard area should one be desired and funded by the SHRA. This study will allow for an overall development strategy for the area to be formulated and traditionally has increased private sector willingness to develop and locate in Target Areas. The Foundation has negotiated two

contracts for architectural services in the Sacramento area.

- F. The Foundation will retain sole accountability to SHRA for the expenditure of any funds under its' contract for professional services. Accountability for public funds will be maintained through generally accepted accounting procedures and will include participation in outside program auditing as required. The Foundation has been audited each of the last three years for its maintenance of a loan pool exceeding \$700,000 with a result of no serious auditing findings. In addition, the Foundation has participated in SBA 503 loans which have stimulated more than \$2,000,000 worth of construction activity in the Sacramento area.

#### SUMMARY

The Economic Development Foundation is offering the SHRA an opportunity to contract with a certified development corporation which has proven it can stimulate economic activity in urban areas which are classified as distressed. The tenacity and integrity of this organization has resulted in financial institutions lending money in areas which in the past were not eligible for funds. Businesspeople who would not rehabilitate their buildings are doing so because the Foundation was able to show them a method of financing their improvements which made the project economically viable. Most importantly of all the Foundation has never charged an upfront fee to a client. Any fees paid to the Foundation are paid only after a loan has been committed to the loan applicant.

The Foundation would like to provide the above enumerated services to the business community of Stockton Boulevard.



## SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

February 1, 1982

Redevelopment Agency of the  
City of Sacramento  
Sacramento, California

Honorable Members in Session:

**SUBJECT: Stockton Boulevard Economic Development Program**

### SUMMARY

The attached resolution authorizes the expenditure of Eighty Thousand Dollars (\$80,000.00) for economic development purposes along Stockton Boulevard.

### BACKGROUND

Questions concerning the revitalization of Stockton Boulevard have been under discussion for some time. A December 21, 1979 Redevelopment memorandum to the City Council discussed the feasibility of establishing a redevelopment project along Stockton Boulevard. This report concluded that there didn't appear to be adequate justification for the establishment of a redevelopment project area at that time. The City Council later designated Stockton Boulevard as a target area and approved Eighty Thousand Dollars (\$80,000.00) of 1980-1981 CDBG funds to be used to improve the area.

The question of utilizing a Local Development Corporation (LDC) for economic development purposes has also been discussed. Originally this issue was addressed by the City Planning Department and the City Manager's Office. Both concluded that, to date, it did not appear as though Local Development Corporations had progressed far enough to allow analysis of their operation.

In a June 29, 1981 staff report to the City Council, the Planning Department recommended "that the possible organization and establishment of an LDC be referred to the Sacramento Housing and Redevelopment Agency for further consideration."

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In August 1981, Agency staff began working on the development of a specific proposal for the revitalization of Stockton Boulevard. In order to gain a clearer understanding of the problems surrounding the area, staff participated in numerous meetings with interested groups in the area. Among these groups were the Oak Park PAC, South Sacramento TAC, the Fruitridge Development Corporation (FDC), and the Economic Development Foundation (EDF). During the meetings it became apparent that economic development is a primary if not an overriding concern of the people in the Stockton Boulevard area.

In a joint meeting of the Oak Park PAC and the South Sacramento TAC held August 18, 1981, the EDF explained how a Local Development Corporation functions and the difference between an LDC and a Certified Development Corporation (CDC). EDF staff also presented a status report on the economic development programs in which they are involved. Agency staff explained the need for coordination between the planning and economic development process. EDF staff strongly endorsed the need for this type of coordination, and stated that from their standpoint it was preferable to have an adopted economic development plan for an area prior to the advent of any economic development activities.

The Oak Park PAC and South Sacramento TAC recommended the implementation of a joint City/County study of the Stockton Boulevard area and the creation of an economic development program to implement the findings of the study. Specifically, the PAC and TAC recommended that the Eighty Thousand Dollars (\$80,000.00) previously allocated by the City Council be distributed as follows:

1. \$5,000.00 be set aside, to be matched by the County, for Agency staff to develop a specific plan to identify definitive economic development areas along Stockton Boulevard and prepare an overall strategy.
2. That the remaining \$75,000.00 be used for funding an LDC to implement economic development activities in the area in accordance with the overall plan.

Staff has subsequently worked with the EDF and the FDC to determine their interest in such a project and identify their respective roles. EDF and FDC have now entered into a Memorandum of

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Understanding which delineates their respective roles as they relate to the Stockton Boulevard area. The Memorandum indicates that any economic development funds allocated to the area should go directly to EDF. EDF will, in turn, provide FDC with the funds necessary to develop promotional brochures describing the project area and cover FDC's initial administrative cost which will be incurred by contacting businesses in the area and explaining the program. This proposal has also been reviewed and approved by the overall Economic Development Committee.

### FINANCIAL DATA

Approval of this proposal will result in the expenditure of Eighty Thousand Dollars (\$80,000.00) of previously allocated (1980-1981) CDBG funds.

### VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of February 1, 1982, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES:

NOES:

ABSENT:

### RECOMMENDATION

Staff recommends adoption of the attached resolution which: 1) implements the Stockton Boulevard Economic Development Study; and 2) authorizes the Interim Executive Director to negotiate a contract with the Economic Development Foundation to provide economic activities in the area.

Respectfully submitted,

WILLIAM H. EDGAR  
Interim Executive Director

TRANSMITTAL TO COUNCIL:

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WALTER J. SLIPE  
City Manager

Contact Person: Bruce Pope

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY  
 COMMUNITY DEVELOPMENT DEPARTMENT  
 WORK ASSIGNMENT/PROGRAM REPORT

Division Redevelopment

Legislative Approvals and Dates:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

Project Type

- City       Redevelopment  
 County     Housing  
 Grant  
 Technical

Project Stockton Boulevard

Responsible staff Bruce Pope

Supervisor Leo Goto

Updated 22 1 1982  
 Day                      Month                      Year

Legend

- \* Critical milestone (identify)
- △ Date project updated
- ▲ Current progress of project

Project Budget      Construction Bid Amount      Expenditures to date      Funding Source  
 \$ 10,000.00      \$ - -      \$ - -      \$ CDBG

Major Steps	Month											
	Week of											
MONTHS	1	2	3	4	5	6						
1. Existing land use/zoning	*											
2. Building facade/structure analysis	*											
3. Area base map, identifying uses, zoning, structural conditions			*									
4. Circulation analysis			*									
5. Business classification index/ownership patterns			*									
6. Assessed valuation, trends of properties				*								
7. Capital Improvement needs (e.g. sidewalks, curbs, gutters)					*							
8. Identification of economic development sub areas						*						
9. Completion report to SHRC						*						