



REPORT TO THE REDEVELOPMENT AGENCY of the City of Sacramento

11

915 I Street. Sacramento. CA 95814-2604

Consent
June 23, 2009

Honorable Chair and Members of the Board

Title: Agreements: Site Improvement and Business Retention Loan - Downtown Ford Sales

Location/Council District: River District, Council District 1

Recommendation: Approve a **Redevelopment Agency Resolution** a) authorizing the Executive Director, or her designee, to execute a loan agreement and related documents in substantially the same form as those on file at the Agency Clerk's Office, for up to \$600,000 to Downtown Ford Sales for Site and Building Improvements; and b) authorizing \$600,000 in River District Redevelopment tax increment funds for the Project.

Contact: Rachel Hazlewood, Senior Project Manager, 808-8645

Presenters: Rachel Hazlewood

Department: Economic Development

Division: River District/Downtown Development

Organization No: 18001021

Description/Analysis

Issue: Downtown Ford has been in business since 1965 and in its current River District location at 525 N. 16th Street since 1975. Despite being located on a blighted corridor, each year the business has contributed jobs and substantial sales tax revenues to the City. In December 2008, the long time owner, Ray Enos, purchased the property on which the business is located with plans to improve the site and upgrade the buildings. The \$600,000 loan would pay for a new facade to the building, paving, roofing, HVAC system and other site improvements. The loan would be forgiven in equal installments over a nine year term upon Downtown Ford's meeting specific performance targets, including annual sales revenues of at least \$50 million, job retention of 50 or more full time equivalent employees, and maintaining the property in good condition for ten (10) years. Until the loan has been fully retired, the leasehold improvements would be secured against a deed of trust.

Policy Considerations: The Project is consistent with the River District

Redevelopment Plan and will eliminate the following blighting influences: low or stagnant property values; impaired investment in the Project Area; and deficient buildings and improper parcels. The Project will meet the following goals of the current Implementation Plan adopted for the River District Redevelopment Project Area: eliminate blighting conditions by beautifying facades, landscaping and other improvements; stimulate economic growth; and create additional jobs for the project area.

Environmental Considerations:**California Environmental Quality Act (CEQA):**

The proposed action is exempt from environmental review under California Environmental Quality Act (CEQA) Guidelines Section 15301, which exempts rehabilitation of existing facilities where the use remains unchanged.

Sustainability Considerations: The recommended actions would achieve the goal of the City's Sustainability Master Plan to replace or renovate obsolete energy or resource inefficient infrastructure (buildings, facilities, systems, etc.).

Other: N/A

Commission/Committee Action: N/A

Rationale for Recommendation: Ray Enos, President of Downtown Ford Sales, purchased the property upon which the dealership is located in December 2008. Mr. Enos wishes to upgrade and improve the property which requires upgrades due to deferred maintenance by the previous property owner. Downtown Ford Sales is a positive fixture in the River District on a blighted corridor that has confronted stagnant property values, impaired investment and social issues. Since 1975, the business has contributed jobs and tax revenue to the City and the District and Mr. Enos wishes the business to continue its operations at this location. The Redevelopment Agency's investment of \$600,000 will enable the business to invest in much needed improvements and will provide an incentive for it to stay at this location for at least ten more years.

Financial Considerations: The \$600,000 will be funded from River District Tax Increment funds. The loan will be forgiven in equal installments each year for nine years. In order for the loan to be fully forgiven, Downtown Ford Sales must remain at the site for at least 10 years and meet performance targets each year. The outstanding balance of the loan is due and payable immediately if Downtown Ford Sales ceases operations at the site prior to the end of the ten year term. Collateral for the loan will consist of a deed of trust against the leasehold improvements.

M/WBE: The M/WBE does not apply as no federal funds are involved in the proposed project.

Respectfully Submitted by: Rachel Hazlewood
Rachel Hazlewood
Senior Project Manager

Approved by: Justin Fitzsche for
James R. Rinehart
Economic Development Manager

Recommendation Approved:

Ray Kerridge
Ray Kerridge
City Manager

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RESOLUTION NO. 2009-

Adopted by the Redevelopment Agency of the City of Sacramento

**APPROVE A LOAN FOR UP TO \$600,000 IN RIVER DISTRICT
REDEVELOPMENT TAX INCREMENT FUNDS TO DOWNTOWN FORD SALES
AND RELATED BUDGET AMENDMENT**

BACKGROUND

- A. Downtown Ford Sales is located at 525 N. 16th Street in the River District Redevelopment Project Area on a blighted corridor suffering from impaired investment, stagnant property values and social issues.
- B. The River District Redevelopment Plan ("Plan") identifies improving land or buildings with on-site or off-site improvements as an appropriate use of tax increment funds.
- C. The proposed action is exempt from environmental review under California Environmental Quality Act (CEQA) Guidelines Section 15301, which exempts rehabilitation of existing facilities where the use remains unchanged.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE
REDEVELOPMENT AGENCY RESOLVES AS FOLLOWS:**

- Section 1. After due consideration of the facts presented, the findings, including the foregoing recitals and the environmental findings regarding this action, as stated in this Resolution are approved and adopted.
- Section 2. The Executive Director is directed to execute the loan agreement and related documents in the amount of up to \$600,000 for site and building improvements from the River District Redevelopment tax increment funds, in a form approved by Agency counsel, which will be forgiven over a nine year period upon meeting performance targets.
- Section 3. The Agency approves the execution of the loan agreements and related documents in substantially the same form as those on file at the Agency Clerk's Office.

