

Lompoc Redevelopment Agency



**Report Pursuant to
Health and Safety Code Section 33445 and 33679**

May 4, 2010

This summary (“Summary”) is written in compliance with the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.* (the “CRL”)), and more particularly, Sections 33445 and 33679 of the CRL, which provide in part before the Lompoc Redevelopment Agency (the “Agency”) can commit to use a portion of taxes to be allocated and paid to an agency pursuant to subdivision (b) of Section 33670 (the “Tax Increment”) for the purpose of paying all or part of the cost of the installation and construction of any publicly owned building, other than parking facilities, the City Council of the City of Lompoc (the “City Council”) shall provide this Summary for review and copying and shall hold a public hearing.

The Agency desires to use Tax Increment to assist with the funding of the costs for various construction, and rehabilitation projects for community recreation facilities and structures (the “Community Recreation Facilities Rehabilitation Project”), all of which are located within the area described in the Amended and Restated Old Town Lompoc Redevelopment Plan (the “Redevelopment Plan”). The Community Recreation Facilities Rehabilitation Project includes those work items listed on Exhibit A

Section 33679 of the CRL requires, prior to the public hearing, the Agency make available for public inspection and copying this Summary which includes all of the following: (a) estimates of the amount of Tax Increment proposed to be used to pay for such Community Recreation Facilities Rehabilitation Project, including interest payments, (b) the facts supporting the determinations required to be made by the City Council pursuant to Section 33445 of the CRL and (c) the redevelopment purpose for which Tax Increment is being used to pay for the rehabilitation of a publicly owned building.

The City Council has previously approved and adopted the Redevelopment Plan. The Agency is charged with the responsibility for carrying out the Redevelopment Plan. Pursuant to Article XVI, Section 16 of the California Constitution, Section 33670 *et seq.* of the CRL and the Redevelopment Plan, the Agency will receive the Tax Increment from the redevelopment project area described in the Redevelopment Plan (the “Redevelopment Project Area”) to pay principal of and interest on indebtedness incurred by the Agency to finance, in whole or in part, redevelopment in accordance with the Redevelopment Plan. The Agency intends to use a portion of Tax Increment to assist with the financing of the Community Recreation Facilities Rehabilitation Project.

The City Council will hold a public hearing on May 18, 2010, and, as required by Section 33679 of the Redevelopment Law, will publish a notice of the time and place of the public hearing in a newspaper of general circulation in the City for at least two successive weeks prior to the public hearing.

The following constitutes the summary of the information required by Section 33679:

A. Estimates of the amount of Tax Increment proposed to be used to pay for the Community Recreation Facilities Rehabilitation Project, including interest payments.

The Agency expects to assist with the financing of the Community Recreation Facilities Rehabilitation Project by the payment of an amount currently estimated to be approximately Six Million Five Hundred Fifty Thousand Dollars (\$6,550,000.00) (the “Partial Financing for the Community Recreation Facilities Project”), from proceeds of the anticipated bonded indebtedness, commonly referred to as the 2010 Tax Allocation Bonds (the “Bonds”), (i) to the City of Lompoc (the “City”) for payment to contractors and consultants the City may hire to design and complete the work for the Community Recreation Facilities Rehabilitation Project, (ii) for reimbursement for payments the Agency made to purchase land needed for some of the Community Recreation Facilities Rehabilitation Project and/or (iii) directly to those contractors and consultants the Agency may hire to design and complete the work for the Community Recreation Facilities Rehabilitation Project. The debt service for repayment of principal and interest due from the Agency on the Bonds will be paid with Tax Increment. The estimated schedule for that repayment of the debt service for the entire amount of the Bonds is set forth in Exhibit B. The total principal amount of the Bonds is estimated to be approximately Eight Million Five Hundred Thousand Dollars (\$8,500,000.00) (the “Total Proceeds”). The estimated Partial Financing for the Community Recreation Facilities Project is approximately seventy seven percent (77%) of the Total Proceeds. The estimated remaining amount of proceeds of One Million Nine Hundred Fifty Thousand (\$1,950,000) is approximately twenty three percent (23%) to pay for issuance costs, reserve funds and underwriter’s discounts, rounding factors and potentially additional redevelopment projects in the Old Town Project Area. Depending on market conditions at the time of sale and certain other factors, additional proceeds may be available to cover any higher than expected cost of the Project, reduce the need for other funding sources and/or for use on other authorized redevelopment purposes. Based on that, the payments of Tax Increment to be used for repayment of that portion of the debt service on the Bonds attributable to the Total Proceeds used for the Partial Financing for the Community Recreation Facilities Project is one hundred percent (100%) of total debt service of the Bonds as shown on Exhibit B. Therefore, over a 30-year period for repayment of the estimated Bond and interest, the Agency will use an estimated Seventeen Million Six Hundred Twenty Three Thousand Five Hundred Dollars (\$17,623,500) of Tax Increment to assist the Partial Financing for the Community Recreation Facilities Project and possible other downtown projects.

B. The facts supporting the determinations required to be made by the legislative body pursuant to Section 33445 of the CRL.

Section 33445 of the CRL states the Agency, with the consent of the City Council, may pay for the cost of the Community Recreation Facilities Rehabilitation Project if the City Council determines: (1) the Community Recreation Facilities Rehabilitation Project is of benefit to the Project Area or the immediate neighborhood in which the Community Recreation Facilities Rehabilitation Project is located, (2) no other reasonable means of financing the Community Recreation Facilities Rehabilitation

Project are available to the City and (3) the payment of funds for the Community Recreation Facilities Rehabilitation Project will assist in the elimination of one or more blighting conditions inside the project area and is consistent with the implementation plan adopted pursuant to Section 33490.

The following facts support the determinations required to be made by the City Council pursuant to Section 33445 of the Redevelopment Law, as well as the similar determinations to be made pursuant to the Redevelopment Plans.

1. *The Community Recreation Facilities Rehabilitation Project is of benefit to the Project Area.*

The Community Recreation Facilities Rehabilitation Project benefits the Redevelopment Project Area by eliminating blighting conditions in the Redevelopment Project Area, by providing and rehabilitating destination points within the Redevelopment Project Area, by enhancing opportunities for visitors to come to the Redevelopment Project Area and by improving the quality of life for residents of and visitors to the Project Area.

The Community Recreation Facilities Rehabilitation Project will increase and improve recreational activities and enhance the general welfare of the community. Those facilities will in turn spur commercial development within the Redevelopment Project Area, thereby, increasing employment opportunities and eliminating blighting conditions. Property owners will have additional incentives to rehabilitate, revitalize and beautify older properties within these areas to keep pace with the increased demands.

The Redevelopment Plan contemplates redeveloped facilities will benefit the Redevelopment Project Area. More specifically, the Redevelopment Plan includes among its purposes the elimination of blight in the Redevelopment Project Area by providing for public structures, facilities and improvements as may be appropriate or necessary in the interest of the general welfare.

2. *No other reasonable means of financing the Community Recreation Facilities Rehabilitation Project are available to the community.*

The City currently lacks the resources necessary to fund all of the costs for the Community Recreation Facilities Rehabilitation Project and the remaining needs of the City. The Agency, in collaboration with the City, has examined the possible sources from which to secure other financing for the Community Recreation Facilities Rehabilitation Project, and has determined there is no alternative feasible means to secure the necessary funding to complete the Community Recreation Facilities Rehabilitation Project without the investment of Tax Increment.

The City, like many California cities, faces difficult fiscal realities, including (a) the need to fund ongoing necessary public service obligations despite fewer and smaller federal and state contributions and other revenue

sources and (b) the increased uncertainty of every city's financial position due to the state's current and projected budget deficits. The City has examined its other sources such as development impact fees, related improvement districts and the general fund. The necessity for a wide range of capital improvements due to the growth of the City and the deterioration in areas of the City other than the Redevelopment Project Area necessitate the City spread its resources and spend such resources on other capital projects and services associated therewith. City revenues from property taxes are limited.

3. The payment of funds for the cost of the Community Recreation Facilities Rehabilitation Project will assist in the elimination of one or more blighting conditions inside the Project Area, and is consistent with the Implementation Plans for the Project Area.

The use of Tax Increment for the Community Recreation Facilities Rehabilitation Project will assist in the elimination of one or more blighting conditions inside the Project Area and is consistent with the Agency's current Five-Year Implementation Plan 2009-2014 adopted December 15, 2009, adopted pursuant to Section 33490 of the Redevelopment Law (the "Implementation Plan"). As described in Subsection 1, above, payment of funds for the Community Recreation Facilities Rehabilitation Project is contemplated under the Redevelopment Plan to assist with the elimination of blight within the Project Area.

In addition, the Implementation Plan sets forth the Agency's goals with respect to the Redevelopment Project Area, which goals include (a) helping to promote existing and develop new community facilities and infrastructure and (b) continuing to improve financial stability to support economic and community facilities development and sponsorship of public facilities improvements.

In accordance with the Implementation Plan, the Agency intends to eliminate the following blighted conditions within the Redevelopment Project Area: deterioration, defective design and physical construction, vacant land and vacant or underutilized buildings. Construction of the needed Community Recreation Facilities Rehabilitation Project will assist the Agency to accomplish those goals. Recreational facilities will improve the health and general welfare of the community.

In addition to the downtown revitalization, the construction of the Community Recreation Facilities Rehabilitation Project would generate opportunities for attracting visitors to use retail operations and would lead to an increase in the potential for new businesses and the expansion of existing businesses which enhance the City's economy.

Pursuant to the Implementation Plan, the Agency intends to implement its goals by, among other things, assisting with the financing of rehabilitation of public buildings that support redevelopment efforts in the Redevelopment Project Area.

C. **The redevelopment purpose for which Tax Increment is being used to pay for the rehabilitation of the Community Recreation Facilities Rehabilitation Project.**

The purpose of the subject expenditure of Tax Increment is to finance the Community Recreation Facilities Rehabilitation Project and, thereby, eliminate blighting conditions present in the Redevelopment Project Area. Such purposes will accomplish the objectives described in the Redevelopment Plan, including the provision of public structures in the interest of the general welfare of the Redevelopment Project Area and rehabilitation of structures. Those objectives are consistent with the provisions of the CRL.