



Belmont Redevelopment Agency

STAFF REPORT

Economic Development Implementation Plan (RDA Administration and Capital Spending Plans)

Honorable Chair and Board Members

Summary

This report presents to the Redevelopment Agency (RDA) Board a spending plan for economic development. The plan is based on discussion and comments provided by the Agency over the past several months. Review and approval of the plan will constitute an amendment to the FY 2004-05 budget since these items were given cursory review and 'place-holder' status in the recent budget adoption process.

The plan is divided into two parts: Administrative Initiatives and Capital Projects. Based on the Agency's direction to staff, the RDA budget would be amended and the economic development initiatives would commence.

Background

On April 13 of this year, the Agency received and discussed a report titled "Economic Development Implementation and Finance Options." The report provided an analysis of the ballots from the January Economic Development Summit, a January proposal for services from the Chamber of Commerce, and a summary of possible economic development strategic themes (Planning for the Future of Downtown, Dressing Up the Boulevard, etc.). The report was intended to get direction from the Agency on economic development priorities. Agency members discussed both capital and administrative actions and provided additional guidance to staff to come back with a more refined plan. The balance of this report formulates a process for developing such a plan.

Administrative Initiatives

Matching Resources with Priorities

Administrative economic development and redevelopment activities are those tasks that do not directly relate to construction or capital projects, and include:

- Business outreach and recruitment
- Business retention
- Project planning (including land assembly)

- Research and other business support activities
- Code enforcement

The funds available for administrative activities are derived from interest earned on the RDA's bonds.

Recent discussions by the Agency have led staff to focus on two implementation strategies related to the RDA's administrative budget: Hiring an economic development coordinator and engaging the Belmont Chamber of Commerce for ED services. Staff understood these to be preferred actions by the Agency, and we have attached the Agency's existing job description for the in-house ED coordinator and an updated proposal from Belmont Chamber of Commerce, which lists a menu of proposed activities and costs.

Until now, the Agency had not received a clear sense of how much administrative funding is available for these activities. We have now calculated a five-year picture of the administrative resources which the Agency can expect to receive – it is this funding that would support the on-going (non-capital) work of economic development. The resource amounts are based on the following assumptions, as follows:

1. Retention of sufficient administrative funds to support a continuous (long-term) economic development program.
2. Use of bond proceeds as a funding source for school districts FY 2002 & FY 2003 ERAF adjustment.
3. Approval of a 5-year loan from the Agency's LMI Fund to pay for the state RDA take-away of \$490,000 each of the next two fiscal years.
4. Completion of HIA annexation in FY 2005-06, saving \$10,000 annually.

Resources for Administrative Activities¹

FY	2004-05	2005-06	2006-07	2007-08	2008-09
RDA Administrative Budget	\$596,000	\$596,000	\$596,000	\$596,000	\$596,000
Less:					
Allocated Staff	238,000	238,000	238,000	238,000	238,000
Operating Supplies	29,000	29,000	19,000	19,000	19,000
Administrative Charges	193,000	193,000	193,000	193,000	193,000
Net Available ²	136,000	136,000	146,000	146,000	146,000
Add:					
Working Capital in Excess of 15% Reserve ³	63,000	63,000	63,000	63,000	63,000
Total Sources	\$199,000	\$199,000	\$209,000	\$209,000	\$209,000

¹. All figures are shown in constant dollars (all charts).

². Includes \$121,000 for vacant ED Manager position and \$15,000 for Grafitti Abatement Program.

³. Calculation based on methodology used in 1999 Bond Sale and consultation with financial advisor Fieldman Rolapp.

The list of ED activities can now be measured against the available resources to see how much of an economic development program the RDA can afford.

In-house Economic Development Coordinator

The Board has indicated its desire for an in-house ED coordinator, and staff understands that the specific priorities to be assigned to coordinator to be the following (job description attached as Exhibit A):

- Business recruitment: Using the existing ED Strategy Report, fill in ‘gaps’ in Belmont’s retail economy; identify vacant spaces and seek suitable tenants.
- Project Planning and Development: Identify vacant / under-development properties and plan appropriate projects with owners and developers; prepare land purchase / land assembly strategies.

Full-time coordinator: \$121,000

In addition, the City’s Code Enforcement Officer will undertake targeted efforts in our commercial areas – beginning in September 2004 with a focus on illegal signs.

If this is a correct description of the ED coordinator’s primary responsibilities the Agency can weigh the value of these activities with the Chamber’s proposed set of other projects (described in its attached proposal and discussed below). A preferred set of actions in line with available resources can then be settled.

Chamber of Commerce Proposal

The Belmont Chamber of Commerce has been meeting with staff to discuss a variety of services that it believes meets the needs of Belmont’s commercial sector while also fulfilling the Agency’s priorities for overall community revitalization. Their latest proposal (attached as Exhibit B) lists several possible activities, summarized as follows:

- Maintain and Expand Current Programs & Services: \$65,853

- o Economic Development Programs – “Information Central”, business-to-business support; educational support; liaison between businesses and City government; business resource center; web marketing for the business community; newsletters, maps, guides and relocation packets; SBA and on-site SCORE counseling; representation at regional events / organizations
- o Community Development Programs – Holiday Fundraiser, Mayor’s State-of-the-City Address, William Chapman Ralston Award, Installation and Awards Dinner, Belmont Community Fair, Hispanic Film Festival, Sister City events

- New Economic Development Programs

- o Façade Improvement Program (Capital Project) \$12,000 + 10% commission
- o Business Directory \$28,000
- o Business Development / Recruitment \$26,000 + 2% commission
- o Quarterly Business Surveys \$12,500
- o Data Analysis \$10,000
- o “Doing Business in Belmont” Handbook \$8,600
- o Business Showcase (one per year) \$9,000
- o Community Awareness Brochures \$34,000
- o Community Awareness Workshop (one per year) \$5,500

1. Additional Programs and Projects

- o Banner Program \$25,000
- o Avenue of the Arts (unknown)

Subsequent to submitting its proposal, the Chamber narrowed its list of potential services to four activities (plus one capital project):

1. Current services
2. A business directory
3. Quarterly surveys
4. A business showcase

5. The façade improvement program (a capital project).

Refining the Administrative Initiatives Plan

Staff has prepared the chart below to identify the cost of those activities that the Agency and the Chamber of Commerce have expressed their strongest interests, as implemented over a five-year period. Please note that we estimate a full-time ED coordinator to require an annual commitment of \$121,000 (salary and benefits):

Expenses for Administrative Activities

FY	2004-05	2005-06	2006-07	2007-08	2008-09
ED Coordinator ¹	\$121,000	\$121,000	\$121,000	\$121,000	\$121,000
- Bus. Recruitment	-	-	-	-	-
- Project Plan/Dev't	-	-	-	-	-
Chamber contract ²					
- Current Programs	66,000	66,000	66,000	66,000	66,000
- Bus. Directory ³	28,000		28,000		28,000
- Bus. Showcase	9,000	9,000	9,000	9,000	9,000
- Quarterly Surveys	12,500	12,500	12,500	12,500	12,500
Total Programs	\$236,500	\$208,500	\$236,500	\$208,500	\$236,500
Resources Available⁴	\$199,000	\$199,000	\$209,000	\$209,000	\$209,000

¹. Code enforcement activities are already included in the RDA base budget at 0.25 FTE.

². The Façade Improvement Program – which the Chamber also proposes to implement – is not included here, but is considered a *capital* project.

³. The Business Directory is assumed to be updated and re-issued bi-annually.

⁴. From table on Page 2.

As can be seen, the list of administrative programs exceeds the Agency's resources; therefore, the Agency must amend the chart of expenses. Staff believes the chart of expenditures above can serve as a starting point to your discussion, and staff offers some additional thoughts for the Agency's consideration:

1. **In-house Staff** – The Board has expressed a preference for a full-time ED coordinator. However, as can be seen, such a choice would absorb nearly two-thirds of the administrative fund for the first two years. Alternatively, the Agency could hire a part-time person or contract with an ED firm for business recruitment or project planning. The advantage of an in-house person – whether full or part-time – is that they may be directed by the Agency with greater flexibility. However, it is likely that the Agency will not be able to hire all the expertise needed for all the tasks at a full-time salary of \$90,000 plus benefits. Alternatively, a consultant could be of lower cost, be focused on specific projects and bring a greater depth of experience. However, flexibility would likely be reduced. Another option is to hire a part-time staff person with a particular expertise that focuses on a priority area.
2. **Chamber Support** – The City has traditionally supported the Chamber's on-going programs and services such as:
 - a. Responding to telephone and walk-in requests (that would otherwise likely come to the City Clerk or other city staff)

- b. Outreach to existing businesses through regular events, newsletters, consultation
- c. Representation on regional ED organizations
- d. Annual community events

The City's support in FY 2003-04 was \$27,425 and the current request is for approximately \$66,000. The Agency should consider the extent to which these activities support the City's economic development objectives.

- 3. Individual Chamber Projects – The Chamber has identified its first ED priorities as on-going services, as described above; then: a business directory, quarterly business surveys, and a business showcase (plus façade grants – a capital project). The RDA Board may have different priorities that it wants the Chamber and/or another organization to implement.

Staff recommends that the Agency consider these and other issues and identify a preferred economic development implementation plan within the available RDA Administration Fund. A worksheet to help Members gather their thoughts and assess options prior to the meeting is attached as Exhibit C.

Capital Initiatives

The Agency has already reviewed a capital spending plan and provided some direction to staff. The total resources available and project expenses are displayed below:

Expenses for Capital Projects

	FY	2004-05	2005-06	2006-07	2007-08	2008-09	TOTAL
Resources Available:							
Bonds Proceeds ¹							\$5,871,565
Projects:							
Utility Undergrounding Improvements		\$ 50,000	\$ 200,000				\$ 250,000
Façade Improvements		160,000	150,000	\$150,000	\$150,000	\$150,000	760,000
Administration ²		22,000	12,000	12,000	12,000	12,000	70,000
Commission		13,800	13,800	13,800	13,800	13,800	69,000
Grant Award		124,200	124,200	124,200	124,200	124,200	621,000
LMI Fund Reimbursements		485,000					485,000
State ERAF takeaway		405,000					405,000
Gateway Improvements ³		150,000	300,000	300,000			750,000
Street Improvements		250,000	250,000	250,000	250,000	250,000	1,250,000
Total Projects		\$1,500,000	\$900,000	\$700,000	\$400,000	\$400,000	\$3,900,000
Undesignated							\$1,971,656

¹ Proceeds available after deduction of Police Headquarters project.

² Includes \$ 10,000 for marketing program in FY 05.

³ Includes \$600,000 for construction costs (est.) in FY 06 and 07.

Project Descriptions

Utility Undergrounding

- This is for work on Old County Road. The bulk of the work is being paid for by PG&E with Rule 20A funds. The City/RDA must pay for new street light design and installation since the existing lights are on the power poles. Rule 20A funds cannot be used for this purpose. We've estimated \$200,000 for design and installation of 50 street lights. There is also \$50,000 as a contingency for other items such as laterals over 100 feet or panel conversions over \$1,500 or any other items that can't be paid for with Rule 20A funds. The adopted budget put all the funds in FY05. The updated CIP pushes \$200,000 out to FY06 due to delays by PG&E.

Façade Improvements

- This pays for grants and loans to property and business owners to improve the fronts of buildings in the Redevelopment Area. The amount in the updated CIP is the same as in the adopted budget, which is significantly above what has been paid out in recent years. The hope is that with the Chamber or dedicated staff promoting this program, more grants or loans will be utilized. The amount proposed is \$10,000 higher than in the budget for start up promotional efforts in the first year.

LMI Fund Reimbursements

- This is a repayment to the LMI account for the Emmett House land, thus removing the affordable housing obligation at 843 Ralston Ave. and providing funds for other affordable housing programs or projects.

State ERAF Takeaway

- These funds are earmarked to pay for projects benefiting the school districts served by the Redevelopment Agency as a result of the State property tax takeaway from the RDA. The amount has been revised downward to \$405,000 from \$450,000 in the budget document.

Gateway Improvements

- This is to improve gateways and streets in the Redevelopment Area. Projects include improvements on the El Camino Real and Ralston Avenue. The proposed amount is \$750,000 (down from \$900,000 in the budget). More specific details will be forthcoming on these project(s) and could include a provision to promote the arts locally as part of a Gateway improvement. Other street improvements and landscaping of Old County Road that were originally part of this funding could be accomplished out of the next category.

Street Improvements

- The budget had a "Misc. Sidewalk Repair/Downtown" item for \$250,000 in FY05 only. The intent is to show this amount as an annual appropriation totaling \$1.25 million over five years for general street improvements in the Redevelopment Area as well as sidewalk repairs in the downtown area. Repairing the sidewalk in front of Iron Gate will proceed soon after these funds are approved.

Conclusion

It is recognized by staff that the issues raised by this report are both substantial and complex. While there are not adequate funds to accomplish all possible administrative project, there are sufficient funds for the capital projects described above. With this in mind, staff recommends the following:

1. Approval RDA Capital Projects budget as outlined above.
2. Identify a preferred Administrative Initiatives plan. To develop the administrative plan, the Board may wish to consider the following questions:
 - What specific activities does the Board want to accomplish with an in-house economic development coordinator? How will these best be achieved? To what level?
 - Specialized skills will be required to execute aspects of the plan; to what extent would we benefit from outside consultants?
 - How much support should the RDA provide the Chamber? What are the primary activities the Board wants the Chamber to undertake?
 - What is the best blend of administrative activities (full-time or part-time staff, outside consultant(s), the Chamber of Commerce, other) and that will fulfill the Board's ED goals with the resources available?

We have attached a worksheet for each member to use in developing an administrative plan for the current fiscal year (2004-05).

Based on your direction, final budget resolutions will be prepared and returned to you for adoption, and implementation in the form of recruitment, contract with the Chamber, or other actions will begin.

Attachments

- A. Description of Job Duties – Economic Development Coordinator
- B. Chamber of Commerce Proposal of Business Support Services
- C. Economic Development Implementation Plan Worksheet

Respectfully submitted,

Craig A. Ewing, AICP
Community Development Director

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Belmont Redevelopment Agency

Economic Development Administrative Initiatives Plan – FY 2004-05 Worksheet

Instructions: Use alternative columns to create a set of ED programs that meets available FY 2004-05 resources.

<i>ED Initiative</i>	<i>Est. Cost</i>	<i>Example 1</i>	<i>Example 2</i>	<i>Alternative 1</i>	<i>Alternative 2</i>	<i>Alternative 3</i>
ED Coordinator						
Full-time	\$121,000	\$121,000	-			
Part-time	70,000	-	-			
Contract	30,000 to 100,000	-	83,500			
Chamber Services <small>(Chamber Priorities)</small>						
- Current Programs	66,000	34,750	66,000			
- Bus. Directory	28,000	28,000	28,000			
- Bus. Showcase	9,000	9,000	9,000			
- Quarterly Surveys	12,500	6,250	12,500			
Chamber Services <small>(other options)</small>						
- Business Dev't / Recruit.	26,000 + 2%	0	0			
- Data Analysis	10,000	0	0			
- Business Handbook	8,600	0	0			
- Community Brochures	34,000	0	0			
- Awareness Workshop	5,500	0	0			
- Banner Program	25,000	0	0			
- Avenue of the Arts	??	0	0			
TOTAL IMPLEMENTATION PROGRAM						
Note: Total should not exceed \$199,000		\$199,000	\$199,000			