



Agenda Item:
3

COUNCIL COMMUNICATION

City Manager's Office

GENERAL INFORMATION

Agenda Date: 08/01/05
Agenda Item Type: Resolution

Communication No.: 05-423I
Roll Call No.:

Submitted by: Richard A. Clark, Acting City Manager

SUBJECT—

Resolution approving Agreement for professional services with NOVOGRADAC and Company, LLC, 246 First Street, 5th Floor, San Francisco, CA, 94105 (Owen Gray, Partner) for assistance in obtaining New Markets Tax Credits.

SYNOPSIS—

This action allows the City to receive consulting assistance in its effort to complete and submit an application for an allocation of New Markets Tax Credits from the U.S. Department of Treasury.

FISCAL IMPACT—

Contract not to exceed \$30,000. Polk County and the Downtown Community Alliance have each expressed willingness to fund 1/3 of this cost. Funds are available in the Economic Development Enterprise Account – Fund: SP743 Org: CMO980717

RECOMMENDATION—

Approval

BACKGROUND—

The US Congress approved a program called New Markets Tax Credits in 2000 to stimulate investments in commercial real estate and business ventures in low-income urban and rural areas. \$3.5 Billion dollars is available for allocation this year.

Competition for an allocation is extremely high with 1 in 10 applications receiving an allocation. Novogradac and Company, LLC is the recognized leader in this field, providing nationwide training and

application assistance for this process. Novogradac clients have successfully obtained a tax credit allocation at a rate four times greater than the average (4 in 10).

Given the application deadline of September 21, 2005, time is of the essence. Staff recognizes that to meet this deadline with the strongest application, assistance of this caliber is critical.

Staff also envisions collaborating with Polk County and the Downtown Community Alliance to prepare the application.