



Agenda Item:

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COUNCIL COMMUNICATION

City Manager's Office

GENERAL INFORMATION

Agenda Date: 09/26/05
Agenda Item Type: Resolution

Communication No.: 05-542
Roll Call No.:

Submitted by: Richard Clark, Deputy City Manager

SUBJECT—

Resolution giving preliminary approval for a Neighborhood Commercial Revitalization Program loan and an Economic Development grant to assist in the renovations to 216 Court Avenue (old Nacho Mamas Building).

SYNOPSIS—

On the September 26, 2005 Council agenda is a communication recommending the preliminary Terms of Agreement and City participation to assist Developers, Russ K. McCullough, David A. Keller and Mark Rodgers in the renovation of 216 Court Avenue (formerly occupied by Nacho Mama's Restaurant).

FISCAL IMPACT—

The \$200,000 development loan will be funded from the Neighborhood Commercial Revitalization Loan Fund (CDBG). The loan would be at zero interest with no payments for five years. Beginning in year six the loan would begin to amortize at four percent (4%) interest over 15 years. The economic development grant is to be paid in installments for a period of ten years from Metro Center Urban Renewal Area tax increment revenues. The economic development grant payments will be calculated at 60% of the net new taxes paid (after application of tax abatement under the 10 year declining schedule). Based on a projected new assessment of \$3.2 million that results in an incremental increase of \$2.5 million, the economic development grant is about \$387,000 paid out over ten years from the net new taxes generated by the project. Based on the projected assessment assumptions the project would provide to the tax increment district net new taxes of \$258,000 over the ten years. The building will continue to contribute approximately \$30,000 per year to the tax increment district taxes from its current assessed value of \$651,000. New taxes generated by future increases in land assessments and building

assessments subsequent to the improvements will not be included in the economic development grant calculations.