

DATE: July 2, 2008

TO: Chair and Redevelopment Agency Board Members

FROM: Redevelopment and Housing Department

SUBJECT: RESOLUTION NO. 289-R - A RESOLUTION APPROVING A \$50,000 LOAN TO THE FOLSOM HISTORIC DISTRICT ASSOCIATION

BACKGROUND/ISSUE

On June 24, 2008 the City Council approved the formation of the Historic Folsom Property Business Improvement District (PBID). Business owners in the Historic District have been concerned about the need for coordinated supplemental services in the Historic District commercial area for several years. With limited City resources, the area has lacked a comprehensive approach to managing the commercial area and the services needed.

The Folsom Historic District Association (FHDA) will govern the Property Business Improvement District (PBID). FHDA is eager to initiate the PBID programs and has requested a \$50,000 loan from the Redevelopment Agency. The first revenue generated by the PBID is not expected until property owners pay their December property taxes. Rather than continue with the current limited funding level for the remainder of 2008, the FHDA has requested a zero interest Redevelopment Loan for \$50,000, with a repayment schedule of \$10,000 per year over five years.

ANALYSIS

With the significant commitment made to the Historic District area with the pending Streetscape Project and the Historic Folsom Station Development, staff considers this loan appropriate in order for the PBID to begin functioning prior to the start of construction on these major projects. The coordinated marketing and promotions can help sustain commercial activity in light of the construction activities that will occur in the district. The proposed repayment terms are justified by the fact that effective management and marketing are critical to capitalizing on the economic benefit of the multi-million dollar investment of Redevelopment funds into the Historic District Revitalization Project.

Typically, with small business loans, real property is used to secure the debt. For this loan, the City will deduct the payment (\$5,000 twice a year) prior to distributing the assessment dollars to FHDA.

FINANCIAL IMPACT

Redevelopment funds for this loan are available in the Downtown Revitalization Fund.

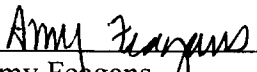
ATTACHMENTS

Resolution No. 289-R- A Resolution Approving a \$50,000 Loan to the Folsom Historic District Association.

RECOMMENDATION/RDA BOARD ACTION

Staff Recommends the Redevelopment Agency Board approve Resolution No. 289-R - A Resolution Approving a \$50,000 Loan to the Folsom Historic District Association.

Respectfully submitted,



Amy Feagans
Redevelopment and Housing Director

RESOLUTION NO. 289-R

**A RESOLUTION APPROVING A \$50,000 LOAN TO THE
FOLSOM HISTORIC DISTRICT ASSOCIATION**

WHEREAS, the Historic Folsom Property Business Improvement District (PBID) was approved by the City Council on June 24, 2008; and

WHEREAS, Historic Folsom Property Business Improvement District Boundary is within the Central Folsom Redevelopment Project Area; and

WHEREAS, the goal of the Central Folsom Plan Redevelopment Agency is to assist and encourage investment into properties within the Project Area; and

WHEREAS, the Folsom Historic District Association has requested a loan in order to begin developing PBID programs to increase commercial activity in the Historic District; and

WHEREAS, the primary goal of the Small Business Improvement Loan Program is to provide financial assistance to business owners that will improve their business, increase revenues and increase wages and/or jobs; and

WHEREAS, the terms for the requested \$50,000 loan will be a 5 year interest free loan with a \$10,000 per year payment schedule; and

WHEREAS, the City will deduct \$5,000, twice per year, prior to distributing the assessment dollars to FHDA.

WHEREAS, approval of this loan is contingent upon City Council approval of an Agreement between the City and FHDA regarding the management of the PBID.

NOW, THEREFORE BE IT RESOLVED THAT THE FOLSOM REDEVELOPMENT AGENCY BOARD DOES HEREBY APPROVE the Small Business Loan for the Folsom Historic District Association and authorizes the Executive Director to execute the loan agreement in a form acceptable to the Agency Counsel.

PASSED AND ADOPTED this 8th day of July 2008 by the following roll call vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ABSTAIN: Board Members:

ATTEST:

Eric S. King, BOARD CHAIRMAN

Christa Schmidt, BOARD SECRETARY