

City Council – Action Request Form

Date: November 1, 2013

To: The City Manager

From: Derwick L. Paige, Assistant City Manager

Council Action Requested:

Authorize additional financial assistance for two previously approved (Revitalizing Urban Commercial Area (RUCA) projects---Southeast Plaza Shopping Center and Ogburn Station Shopping Center.

Summary of Information:

In October 2010, City Council approved financial assistance for five RUCA areas: Cherry/Polo, Ogburn Station Shopping Center, Peachtree/Waughtown, Southeast Plaza Shopping Center and West Salem/Academy Street. In total, Council appropriated \$2.8 million from the Dell repayment fund for these five projects. An additional \$250,000 was later approved from Urban Development Action Grant funds for Southeast Plaza Shopping Center.

Additional financial assistance is being requested again as part of the Southeast Plaza Shopping Center RUCA as well as part of the Ogburn Station Shopping Center RUCA. If approved, staff would recommend using a portion of the Dell repayment funds to address these requests. Both requests would include using half of the additional funds for forgivable loans and half for amortizing loans.

Southeast Plaza Shopping Center - This project initially started as a \$3.4 million project and has grown to an \$8.4 million project. Initially, the redevelopment efforts only included half of the old King Plaza Shopping Center, but since inception of the redevelopment efforts, Mr. Jose Isasi has gained control of 85% of the shopping center. As a result, development costs have continued to increase. In addition to the increased area, the rehabilitation costs have increased appreciably due to some unforeseen expenses associated with the parking lot, utility lines, roofing and electrical system. While the developer currently has \$7.36 million already spent or designated for the project, there is a gap of \$1.06 million. This item authorizes an additional \$400,000 for this project. The additional funds would be contingent upon the developer identifying the balance of the funds available to complete the project and the conditions outlined under the initial RUCA approval.

Committee Action:

Committee	Finance 11/18/13 CD/H/GG 11/19/13	Action	Approval*
For	Unanimous	Against	

Remarks:

*Finance and CD/H/GG Committees recommended moving forward with assistance only on the Southeast Plaze Shopping Center portion of the item.

Ogburn Station Shopping Center - Although initial cost estimates were obtained by the property owner, the projections underestimated the actual cost necessary for HVAC, electrical, and plumbing upgrades. In addition, a leaky roof needed to be replaced instead of repaired; thus, previously earmarked funds were used for the roof instead of other purposes. In the meantime, water damage from the roof caused additional interior damage (drywall, tile and flooring) that needs to be repaired. This item authorizes an additional \$400,000 for this project. The additional funds would be contingent upon the developer identifying the balance of the funds available to complete the project and the conditions outlined under the initial RUCA approval. The total project is estimated to increase from approximately \$930,000 to \$1,330,000.

If approved, the additional funds also would come from the Dell repayment fund. This fund currently has an available balance of \$3.59 million.