

LDDA Board Communication

Meeting Date: Wednesday January 25, 2017

Current Incentive Fund Availability

Retail Conversion: \$75,000

Signage: \$54,139

Alleyscape West side: \$66,971

DIP: \$98,618

Residential: \$61,536

TIF: \$1,800,000

Agenda Item: South Main Station Update

Executive Summary: As we continue to finalize the amendment to the South Main Station (SMS) Redevelopment Agreement, there is discussion around funding additional rail crossing improvements to create a quiet zone around the project. This zone is essential for the developer to pursue a HUD loan.

Brian Bair will update the Board on where he is in the funding process, explain the need for additional rail improvements as well as answer questions about financing and timing.

Agenda Item: Bootstrap Brewing Co., 142 Pratt St. (Retail Conversion Grant follow up)

Executive Summary: Bootstrap Brewing Co., at 142 Pratt St., applied for a Retail Conversion and Façade (DIP) grant in December 2016. They were approved for the Façade grant but the board wanted additional 2nd bids and a copy of the Building Permit Value before they vote on the Retail Conversion Grant. They requested this because Bootstrap's renovation work was based on a design build model and they did not have second bids for those items. Bootstrap was able to get 2nd bids on qualifying items and the Building Permit valuation which was \$578,836. The total cost for their build out project is \$1,250,000. They are requesting the LDDA matching amount for the Retail Conversion grant of \$15,000.

Recommended Motion: Approve the Retail Conversion grant for \$15,000.

Agenda Item: 464 Main LLC/Ace Hardware (Residential Grant)

Executive Summary: 464 Main LLC, the new owners of 464 Main St. (formerly Miller Music), are applying for a Residential Grant to convert the 2nd floor space of the mixed use building to apartments. The first floor will be an Ace Hardware kitchen retail store. The 2nd floor will be renovated from the original historical seven units to three loft style apartments. The total cost for their build out project is \$360,000. Their financials were reviewed and approved by the Finance Committee. They are requesting the maximum \$5,000 per residential unit for a total of \$15,000.

Recommended Motion: Approve the Residential grant for \$15,000.

Agenda Item: Alleyscape Amenities

Executive Summary: Staff will present a budget of alleyscape amenities for the Westside alleyscape. We currently have \$66,971 remaining in the alleyscape incentive fund. Staff would like to propose funding two ShockArt utility boxes to be painted by Art In Public Places in the West Alleyscape in the 300 and 500 blocks. Each box would be \$1700. We have identified cost savings by relocating planters from Main St. into the breezeways.

Agenda Item: Store Financial Gift Card Program – Amendment to Fee Free Program

Executive Summary: Last year, staff explored using a local gift card company, LocalGiftCards. After discussions with businesses and conversations with others using that card, staff recommends not change vendors and continuing to use Store Financial for the Gift Card Program. Also, participating downtown merchants expressed interest in sticking with a physical card instead of the electronic gift card options that LocalGiftCards provides. It became evident that LocalGiftCards has not worked out all the kinks yet to effectively manage our type of open card system where each merchant has a different POS terminal, after checking references.

One benefit to LocalGiftCards, was that there was no Account Maintenance Fee (AMF) deducted from the card for the end-user. After further research, we discovered that Store Financial now offers a Fee Free Program, which means that future gift cards will no longer be deducted an AMF for inactivity (i.e. if there is no activity on the card for one year, \$2.50 starts to be deducted per month until card is used). We are currently on the Program that deducts this AMF.

The AMF is not given back to the LDDA. The Program Sponsor Bank (Sunrise Banks N.A.) keeps the fee according to our current contract. When these fees are deducted, these funds can no longer be redeemed at a Downtown business. Formerly, there was no negotiation to change this. To date, since the program started in 2009, over \$13,000 (see chart below) in fees have been deducted from cards, therefore, unredeemable. These are lost sales to the Downtown merchants and have been the major complaint we have heard from those that purchase the gift card. Also, businesses have expressed concern that customers are very disappointed when they realize they have no funds on their card.

Year	AMFs
2016	\$4,500.00
2015	\$2,451.26
2014	\$1,697.23
2013	\$1,308.53
2012	\$1,215.41
2011	\$1,037.09
2010	\$751.52
2009	\$55.23
	\$13,016.27

The majority of the Gift Card Program would remain the same (monthly license fee and card production costs), except for the per card activation would increase from \$1.07 per card to \$1.50 per card. The worksheet below reflects our annual costs for the program based on the old and the new activation fee.

Annual Gift Card Program Expenses		
Activation Fee	\$1.07	\$1.50
Annual Activation Fees - old rate*	\$ 588.50	
Annual Activation Fees - new rate*		\$ 825.00
Monthly Program License Fee - \$100	\$ 1,200.00	\$ 1,200.00
Card Product Costs (\$.50/card)		
every 2 years = 1000 cards + shipping	\$ 270.00	\$ 270.00
Total Annual Program Costs	\$ 2,058.50	\$ 2,295.00
Program Cost Difference	\$ 236.50	
*based on 550 cards sold per year		

Board Recommendation: Staff would like to discuss the program and if desired, direct Kimberlee to sign the attached Amendment to move to the Store Financial Fee Free Program. Attorney Dick Lyons reviewed the amendment and approved it for signature.

Agenda Item: Closing Construction Fund line items and creating a Contingency Account

Executive Summary: The following line items in the Construction Fund accounts are either no longer relevant or are projects that have been completed. These are TIF dollars that have been loaned, but are no longer needed for its intended purpose. From time to time, projects arise that we can start immediately, if we have an identified funding source. No TIF dollars can be used without incurring debt, per state statute. Since these funds have already been loaned, staff recommends taking the balance of these line items and create a contingency account that can be used for projects at the board's discretion.

Close and move funds into Contingency Account

BID Plan - \$25,000

Theater Project - \$129,174

Tree Trimming Balance - \$2425 (balance, project complete in 2014)

Total to a Contingency Account - \$156,599

We will remove the above line items, as well as:

Arts & Entertainment District - \$0 balance

Storefronts campaign - \$0 balance

Recommended Board Action: Approve creation of a contingency account.