



# CITY OF LONG BEACH

DEPARTMENT OF DEVELOPMENT SERVICES

333 West Ocean Boulevard 4<sup>th</sup> Floor • Long Beach, CA 90802 • Phone 562.570.5237 Fax 562.570.6205

May 18, 2009

Mr. John Horne  
The Salvation Army  
Southern California Divisional Headquarters  
900 James M. Wood Boulevard  
Los Angeles, CA 90015

Dear Mr. Horne

I am pleased to inform you that on May 18, 2009, the Redevelopment Agency (Agency) unanimously supported collaborating with the Salvation Army to further the development of the KROC Center (Center) located at Pacific Coast Highway and Walnut Avenue in the city of Long Beach. Additionally, the Agency supported expanding a revitalization strategy that will support the Salvation Army's investment, while improving the surrounding neighborhood.

As you may know, the Agency is currently partnering with Long Beach City College to improve the corridor. We have collaborated in acquiring and demolishing blighted properties along Pacific Coast Highway, west of Walnut Avenue. The acquisitions are not only removing blighting influences, but also allowing for the expansion of the campus along the corridor. The total investment in the project will be just over \$3 million dollars.

In support of the partnership with the Salvation Army, we anticipate continuing this effort through the acquisition and demolition of blighted properties fronting the proposed Center along Pacific Coast Highway. We believe the removal of the blighted properties will be of great support to the Center, not only aesthetically, but will give the Center a stronger presence along the corridor. The vacant land would also provide an opportunity for new development that will be complimentary to the Center.

We have conducted a preliminary analysis and the total investment for the proposed acquisitions is estimated to be approximately \$7 million dollars.

We look forward to working with you and identifying additional development that will support your investment in our community.

Sincerely,

  
Craig Beck  
Director of Development Services

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CC: Dee Andrews, Councilmember, District 6  
Patrick H. West, City Manager  
Suzanne Frick, Assistant City Manager  
Amy Bodek, Redevelopment Manager  
David Neary, WestLand Construction



January 9, 2009

File Number 7000400

Ms. Maria Todaro  
Marketing and Public Relations Manager  
The Salvation Army Kroc Center  
6753 University Avenue  
San Diego, CA 92115

Dear Ms. Todaro:

SUBJECT: Economic Impact of Kroc Center (2008)

As requested, SANDAG has estimated the economic impact of the Ray and Joan Kroc Corp Community Center on the regional economy. This impact analysis is based upon the Center's 340 total employees and more than \$3 million annual payroll. Analysis was conducted using the IMPLAN economic impact model.

The Kroc Center is a 12-acre family support, education, recreation, and cultural arts facility located in the community of Rolando. The service, education, cultural, and recreation benefits of the Center are in addition to, not included in, the economic benefits detailed below. The IMPLAN model used in this analysis provides results for San Diego County as a whole. However, in the case of the Kroc Center, the majority of the impacts are local to the Rolando area specifically.

The Kroc Center draws thousands of participants to the Rolando area each year. During fiscal year 2007-08 the Center drew more than 8,000 attendees to community events including the Hip Hop Bunny Drop, Open House, and National Night Out. More notably, program events such as swim meets and basketball practice drew 53,600 attendees to the Center during the year.

From an economic perspective, the Kroc Center employs 50 full-time employees, summer camp staff, and additional part-time and on-call staff for a total of approximately 340 staff members. These jobs result in approximately \$3 million in payroll and a direct value of more than \$6.1 million in economic activity for the region during the year.

The \$6.1 million in "direct" economic activity of the Kroc Center supports other local industries. As a result of its day-to-day operations, the Kroc Center "indirectly" generates nearly \$533,000 in annual payroll and nearly \$1.8 million in additional economic activity at other local companies. This \$1.8 million can be considered the result of the goods and services that The Kroc Center purchases from local vendors. Overall, an estimated 14 jobs, paying an average of \$39,000 per year, are generated locally by the economic activity of the Ray and Joan Kroc Corp Community Center. These jobs, with total payroll in excess of \$500,000 per year, would not exist without the economic activity generated by the Kroc Center.

In addition to these impacts, the Kroc Center also has an impact on the region through the expenditures of its employees. The Kroc Center's \$3 million payroll generates an additional \$3 million in economic activity in the region. This induced effect generates more than 24 jobs and an additional \$857,000 in payroll for the region.

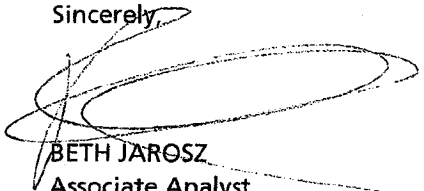


A summary of Ray and Joan Kroc Corp Community Center's impacts due to direct employment and operations activity is shown below:

	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>TOTAL</b>
Employment	340	13.7	24.2	377.9
Wages	\$3,347,000	\$533,000	\$857,000	4,737,000
Output	\$6,115,000	\$1,791,000	\$3,024,000	10,930,000

These dollar values reflect Center operations only, and do not incorporate the social and cultural value that the Kroc Center provides for the community.

Sincerely,



BETH JAROSZ  
Associate Analyst

BJA/dsn

# Turnkey Program Management - Executive Summary

## Overview

National Standard along with its partner and program manager Hopkins Real Estate Group provides a privately capitalized turn-key delivery method that encompasses a seamless combination of capital and development services. Our program is designed for the City of Long Beach to utilize full-service program management services, while shifting the project's financial risks, costs and burden to National Standard as the public/private investor.

## Key Points

- **100% of project capital offered** with no capital investment or lease payments required during the design and construction
- **Flexible lease terms** and rent schedules with purchase options available during lease term
- Complete turn-key design-build-finance project delivery provides for *single point of contact* and management of the entire design and construction process with a *Guaranteed Maximum Price*
- Team is a select group of *industry-leading* Development, Program Management, Design and Construction professionals
- Lease rate is tied to actual overall project costs with a *cap on the maximum annual lease rate* payments
- *Open book accounting* provides for a fiduciary role of program manager (expenditures of public funds for lease payments)
- Our project delivery offers a true *turn-key (from concept to keys)* solution for each capital project, allowing the City to focus its efforts on operations
- 100% long-term capital funding offers a *lower blended cost* of capital than conventional debt and equity
- Leases are designed to meet both the price and opportunity cost expectations of the user, including renewal and *purchase options*

## Investment Structure

**Lease or Service Contract Terms:** 15 to 30 years

**Types of Real Estate Leases:** NNN, non-appropriation clauses acceptable

**Minimum Credit Needed:** Standard & Poor's or Moody's: BBB-/Baa3 or better

**Designed for:** Cities, State and Federal Governments and Agencies, Colleges and Universities

## Unique Advantages

Cities face a plethora of decisions and obstacles in today's market in the planning and financing of capital improvement projects. Most capital expenditure decisions by cities are, in reality, financial decisions. Once a city concludes that there is a need for a particular facility to meet the needs of the community, the project decision has been made and the next decision is mainly financial.

Our proprietary process of deploying capital is a unique tool that allows cities to develop essential facilities without employing prohibitive amounts of debt and equity capital. In many cases our delivery method provides for projects that would not otherwise have funding mechanisms.

We remove the obstacles by:

- Eliminating the need for debt/bond financing
- Removing the requirement for equity and out of pocket upfront investment;
- Bypassing the need for time consuming referendum votes
- Making capital available in as little as 60-90 days from application and approval
- Removing limitations of the amount of financing from bonding capacity limits
- Eliminating concerns related to long term finance costs and interest rate

**National Standard** assumes the financial liability of all project costs while the City retains full control over the facility as in a traditional project delivery. The new facility's lease payments become a part of your operating budget in lieu of a long term liability/debt.

## **Financial Strength**

**Group Assets under Management:**

U.S. \$2,396,000,000

**2010 New Investment Target:**

U.S. \$850,000,000.00

## **Experience**

**Representative Recent and Active Public City Projects:**

(see attached Project Listing)