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**March 18, 2019**

**Plan of Finance for Corporation Yard / City Hall Projects**

**City of Santa Paula – Community Meeting**

# Current City Hall and Corporation Yard Facilities

- Corporation Yard
  - Built in 1960's (1.5 acres) as public works facility
  - Current and future operations require extensive building replacement and site expansion and improvements
    - Planning cost estimate: >\$4 Million
- City Hall
  - Built in 1950's as a police station, later converted to City Hall (1.5 acres)
  - Building expansion and site improvements are also required
    - Planning cost estimate: >\$16 Million
- City Staff is currently developing a plan of finance to acquire facilities and relocate the Police Station, Corporation Yard and City Hall

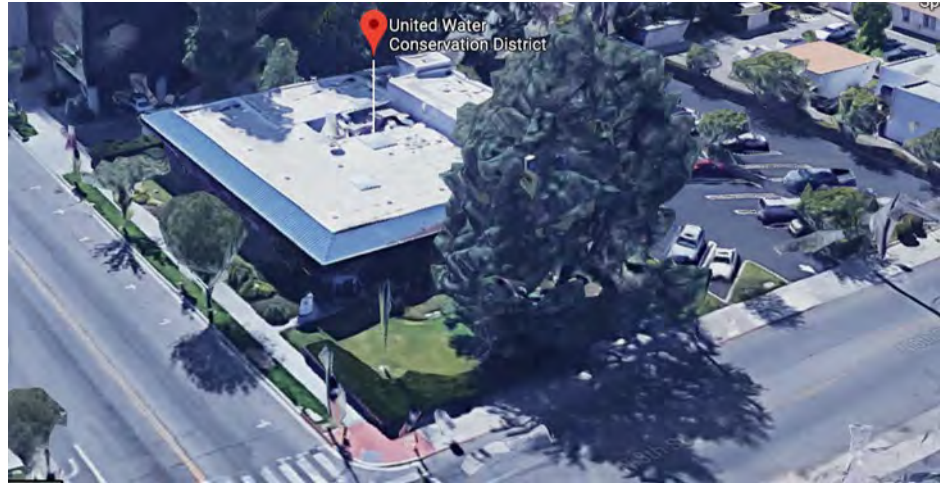


# Plan to Relocate Corporation Yard Facilities

- City entered into PSA with owner of facility located at 270 Quail Court and 1574-1580 Lemonwood Dr
  - 6.14 Acres / 55,000 sq. ft.
  - Former Applied Silicone Corporation industrial facility
  - Purchase price of \$9M, subject to close within 120 days
  - City planned Tenant Improvements of approximately \$5M
- Future home for Police Station, Public Works and Engineering, Community Development (Planning and Building) Water Utility Services, Street Maintenance, Fleet Maintenance, Human Resources and Information Technology
  - Expected energy retrofit of facility expected to generate substantial energy cost savings



# Plan to Relocate City Hall Facility



- City plans to enter into negotiations to purchase property at 106 North 8<sup>th</sup> Street for future home of City Hall
  - Built in 1970's (expanded in 1990's) and currently United Water Conservation District offices
    - 9000 sq. ft.
  - \$500,000 in expected tenant improvements
    - City Council Chambers, City Manager's Department, City Clerk, City Attorney, Police Store Front, Athens Environmental and Finance Dept. offices
  - Energy retrofit also planned for the relocated City Hall
  - One Stop Shopping for the payment of water, sewer and solid waste bills for residents

# Projected Sources and Uses for Total Project including Street Improvements

- Funding for the relocation of the Corporation Yard and City Hall facilities in addition to energy efficiency projects and street improvements will be funded by a combination of:
  - CA I-Bank loan proceeds
  - Anticipated proceeds from existing property sales
  - City Funds on hand

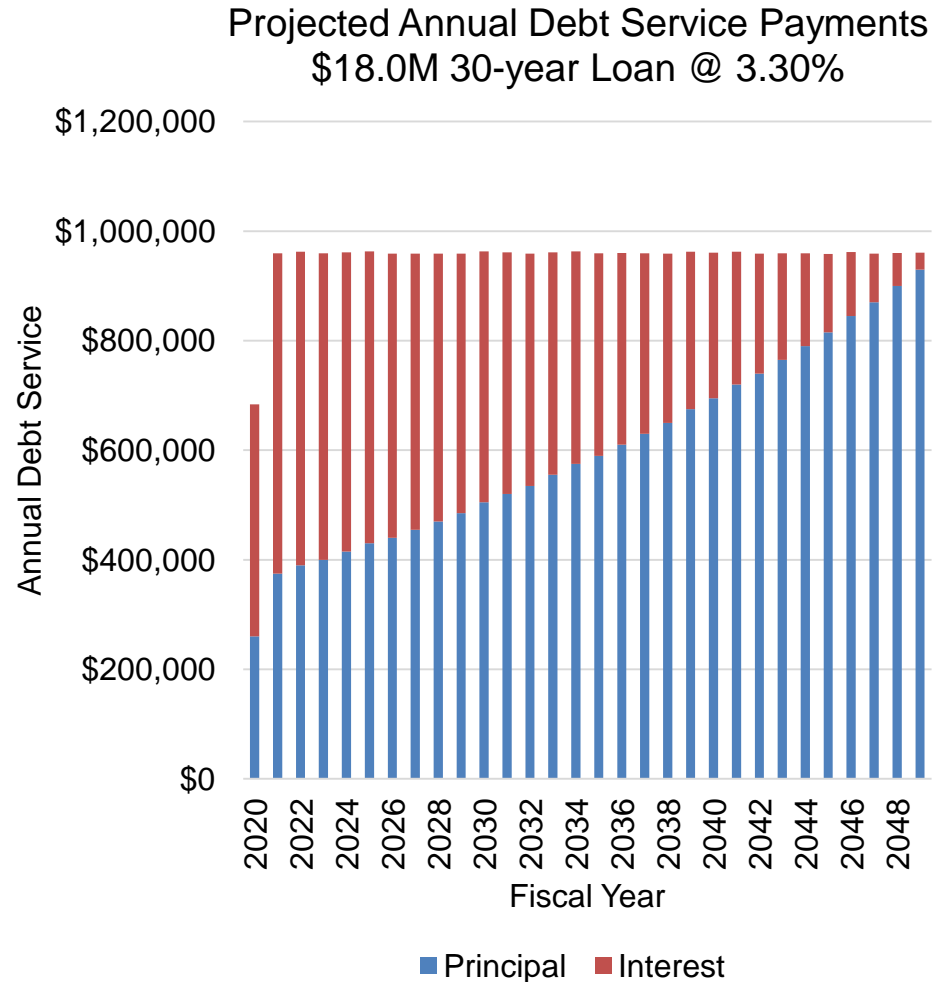
Projected Sources	
CA I-Bank Loan Proceeds	\$17,725,000
Proceeds from Property Sale	1,500,000
Measure T Funds	2,000,000
<b>Total Sources</b>	<b>\$21,225,000</b>

Projected Uses	
New Corporation Yard @ Lemonwood St / Quail Ct	\$9,000,000
Tenant Improvements	5,000,000
New City Hall @ North 8th St / Main St	1,725,000 *
Tenant Improvements	500,000
Street Improvements	2,000,000
Energy Efficiency Projects-City Wide	3,000,000
<b>Total Uses</b>	<b>\$21,225,000</b>

\* Current listing price, subject to change

# CA I-Bank Loan with Favorable Financing Terms

- Available financing for anticipated projects is generally limited to:
  - Public bond sale
  - Direct Placement with Commercial Bank
  - State-sponsored Loan programs
- City plans to pursue loan through the California Economic Development and Infrastructure Bank (“CA I-Bank”) due to lower interest rates and upfront financing costs in addition to program flexibility



## Projected Cost Allocation among City Funds

- CA I-Bank loan structure anticipates repayment in the form of a General Fund lease
  - The City plans to internally allocate the lease payment costs to the various departments that will make use of the new facilities

Source of Loan Repayment	Percent Allocation	Portion of Loan Payment
Measure T (Police, Parks and Rec)	45%	\$428,350
General Fund ( IT, HR, Fleet)	21%	\$205,608
Water Fund	13%	\$128,505
Gas Tax Fund (HUTA)	5%	\$51,402
Gas Tax Fund (SB1)	11%	\$103,300
Sewer Fund	4%	\$42,835
<b>Projected Totals</b>	<b>100%</b>	<b>\$960,000</b>

## Projected Cost Savings and Net Budget Impact

- Substantial amount of cost savings expected as a result of:
  - Energy cost efficiencies
  - Forgone rental and vehicle-related costs
- Close to half of the projected annual debt service payment could be offset by savings and additional revenues
  - \$401,000 savings vs. \$960,000 annual payments

<b>Projected CA I-Bank Debt Service Payment</b>	<b>\$960,000</b>
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### Projected Savings from Projects Financings

Electric energy costs	200,000
Rental Costs of Oddfellows Building/Palm Ave	50,000
Costs of Off Site Storage of Vehicles / City documents	61,000
Add'l Rental Revenue at Lemonwood/Quail	40,000
Costs of Police training at off site locations	25,000
Fuel Costs (Gasoline and Diesel)	15,000
Car Wash Fees	10,000
<b>Projected Savings</b>	<b>\$401,000</b>

<b>Projected Net Annual Cost Increase</b>	<b>\$559,000</b>
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## Project Timeline Next Steps

Month/Day	Event
March 18	<ul style="list-style-type: none"><li>Community Meeting</li></ul>
Mid April	<ul style="list-style-type: none"><li>Enter into Purchase and Sale Agreement for North 8<sup>th</sup> St / Main St – City Hall Relocation</li></ul>
April/May	<ul style="list-style-type: none"><li>Presentation to City Council</li><li>Seek Preliminary Approval of Plan of Finance</li></ul>
May	<ul style="list-style-type: none"><li>Commence CA I-Bank Loan Procurement</li></ul>
End of July	<ul style="list-style-type: none"><li>CA I-Bank loan closes</li><li>Subject Properties Purchased</li></ul>

# Disclosure

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