

(R-92-1455)

RESOLUTION NUMBER R- 279879

ADOPTED ON APR 28 1992

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO ADOPTING WRITTEN FINDINGS IN RESPONSE TO EACH WRITTEN OBJECTION OF AN AFFECTED PROPERTY OWNER OR TAXING ENTITY TO THE PROPOSED REDEVELOPMENT PLAN FOR THE CITY HEIGHTS REDEVELOPMENT PROJECT.

WHEREAS, the Redevelopment Agency of The City of San Diego (the "Agency") has prepared and submitted to the Council of The City of San Diego (the "Council"), the proposed redevelopment plan for the City Heights Redevelopment Project (the "Project"); and

WHEREAS, after due notice as provided by the California Community Redevelopment Law (Health and Safety Code section 33000 et seq.), a joint public hearing was held by the Council and the Agency to consider the proposed redevelopment plan; and

WHEREAS, any and all persons and organizations having any objections to the proposed redevelopment plan or who deny the existence of blight in the Project area, or the regularity of the prior proceedings, were given an opportunity to submit written comments prior to the joint public hearing, and to give written or oral testimony at the joint public hearing, and show cause why the proposed redevelopment plan for the City Heights Redevelopment Project should not be adopted; and

WHEREAS, the Council has considered and evaluated all evidence and testimony for and against the adoption of the proposed redevelopment plan, including among other things the report of the Agency to the Council on the proposed City Heights

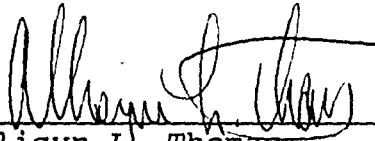
Redevelopment Project and the report and recommendations of the City Heights Project Area Committee; and

WHEREAS, the Council has prepared written findings in response to each written objection of an affected property owner or taxing entity as provided for in California Community Redevelopment Law section 33363; NOW, THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego, that the Council hereby adopts the written findings contained in Attachment A (attached hereto and incorporated herein by this reference) as its responses to the written objections delivered or presented in connection with its hearing on the proposed redevelopment plan for the City Heights Redevelopment Project.

APPROVED: JOHN W. WITT, City Attorney

By

  
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Attachment A

RESPONSE TO OBJECTIONS

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The following is in response to a letter from Mr. Harry C. Weinberg, County Superintendent of Schools for the San Diego County Office of Education, referring to concerns regarding redevelopment and its effect on quality education in San Diego.

(1) Mr. Weinberg states that the use of tax increment financing for redevelopment poses a financial risk to schools and the quality of education in San Diego.

The Agency is working with public educational providers to address the issue of quality education. Specifically, the Agency has negotiated with the San Diego Unified School District and the San Diego Community College District and come to agreements which have been approved by their respective Boards. These agreements are scheduled for consideration by the Redevelopment Agency on April 28, 1992. The agreements provide for the pass through of tax increment funds to each of the districts and for the districts' agreement to spend those funds to build facilities within the redevelopment project area to alleviate the burden or detriment on the districts.

The Agency has also negotiated with the County Office of Education in good faith. The Agency has generously offered to pay tax increment funds at the level requested by the Office. However, the Office has continually refused to commit to spend any portion of those funds to specifically alleviate the burden or detriment within the project area.

(2) Mr. Weinberg requests that the Agency confer with the educational providers with respect to the risk to their programs by the redevelopment program.

It is clear from the fact that the two major providers of educational services to the City of San Diego are satisfied that the Agency is alleviating their burden or detriment from the project area. In that sense, those providers are comfortable with the risk factor and both agree with the redevelopment of the project area and in participating in the redevelopment of the community.

The Office has been unwilling to come to reasonable terms with the Agency, however the Office provides very little in the way of direct programs to the City and the project area. The Agency will continue to seek cooperation from the Office in areas of mutual benefit and concern.

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The following is in response to a letter from Mr. Ralph A. Claric dated April 16, 1992, referring to a lack of blight in the project area, submitting the Redevelopment Plan to the voters, and the appropriateness of using redevelopment in the community.

(1) Mr. Claric disputes the existence of blight in the project area.

While the existence of blight may be generally subjective, the Health and Safety Codes (Sections 33000, et. seq.) define blight in a way which can be measured more objectively. The Project Area was observed on a parcel-by-parcel basis, and all blighting influences have been documented. The Preliminary Report on the Draft City Heights Redevelopment Plan, and the Final Report of the Redevelopment Agency to the City Council include, among other things, a discussion and pictures of the blighting influences found.

(2) Mr. Claric proposes that the Redevelopment Plan should be submitted to a vote of the property owners of the Plan area.

The proposal for financing the Plan include the use of tax increment funds derived from the increased value of property within the project area due to the sale and reassessment of property and the construction of new buildings and additions to existing structures. The procedure for acquiring the ability to use tax increment financing for redevelopment purposes is set out in the California Redevelopment Law, Section 33000, et. seq., in the Health and Safety Codes. Since the nature of tax increment is not an additional tax on property, the use of tax increment is not subject to a vote of the people as are new taxes under Proposition 13, Article XIII of the Constitution of the State of California.

(3) Mr. Claric states that the Plan amounts to a level of unnecessary duplication of government interference.

Redevelopment is a procedure allowed under California law to assist private enterprise to eliminate blighting influences in appropriate communities. It is also a vehicle for the provision of needed public facilities, including libraries, parks and schools. Redevelopment is only able to be used when the local government determines and finds that the problems of the project area can not be remedied by private enterprise acting alone. Evidence that private enterprise acting alone includes, but is not limited to the following facts:

- - Increases in property values in the project area significantly lag behind those of other areas in the City.
- - The structures in the project area are generally

deteriorated or deteriorating, and owners are not generally keeping properties indecent, safe and sanitary condition.

- - There is a significant lack of adequate public facilities which would typically be paid for by new development, either directly or by development fees.

(4) Mr. Claric disputes that Redevelopment is an appropriate tool to correct past planning errors.

The goals and objectives of the Redevelopment Plan include, but are not limited to: eliminating blighting influences and environmental deficiencies, upgrade the quality of life in the community, establish and implement design standards to insure outstanding architectural and environmental quality, minimize the impact of vehicular traffic on the community, and encourage new and continued private investment in the project area. As can be seen, Redevelopment is being used for much more than to correct past planning errors.

(5) Mr. Claric states that obtaining public improvements which cannot be acquired by normal channels is not a proper use of Redevelopment law or the Plan.

Redevelopment law, Section 33000, et. seq., of the Health and Safety Codes of the State of California, allows for the use of redevelopment funds for the installation or construction of various public facilities, including roads, parks and utilities.

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The following is in response to a written statement by Ms. Karen A. Manley, delivered to the City Council on April 21, 1992, referring to concerns with respect to "Visions", eminent domain language in the proposed redevelopment plan and the legality of the Project Area Committee (PAC) process in recommending the adoption of the Plan.

(1) Ms. Manley objects to the calling of a special PAC meeting to consider language changes directed by the City Council.

The PAC was directed by the City and Agency to schedule the meeting on April 23 for which you received a notice. Due to the role of the PAC, to make recommendations to the City Council and the Redevelopment Agency with respect to the impact of the redevelopment program on low and moderate income persons, The City and Agency believed that the PAC should have the opportunity to review language which would impact low and moderate income persons. That meeting, as you know from being in the room at the scheduled time, was never convened.

(2) Ms. Manley objects to the PAC vote on eminent domain language, as the meeting wherein that vote took place was not noticed to all property owners.

The PAC , as mentioned above, is a body advisory to the City Council and the Agency. As such, the meeting at which the PAC took a vote on eminent domain was not required to be noticed to each property owner. However, all persons who had ever attended any PAC meeting, attended a redevelopment workshop in the proposed project area or otherwise notified the Agency of their interest in the project subsequent to the initial mailing to all property owner of record, residential tenants, business owners and community organizations were notified of that and all PAC meetings. As required by law, all property owners of record were notified with respect to eminent domain in March, 1992, .

(3) Ms Manley objects to the participation of the City Heights Community Development Corporation (CDC) in the initial PAC elections, stating her belief that it was illegal for the CDC as a federally funded organization to be involved in the PAC election campaign.

The PAC elections in 1990 were monitored by the Agency General Counsel and the City Clerk's office. That election, and its procedures, were certified by the City Council on April 30, 1990.

(4) Ms. Manley objects to the PAC amending their by laws to postpone the annual meeting of the PAC, thus postponing the election of PAC members.

The decision of the PAC to amend their By Laws to change the date of their annual meeting, thus changing the date of the election of PAC members, was an action legal, both under the law and under the By Laws.

(5) Ms. Manley objects to the "Visions" project, which she states is over fifty percent of the redevelopment plan.

The "Visions Project" is identified as an eligible project within the Redevelopment Plan. This does not mean that "Visions" will definitely be implemented. "Visions" is only one element in the proposed redevelopment program. The funding level is not included within the redevelopment plan for any of the improvements to the project area. However, when the PAC was working on the financial feasibility of the redevelopment plan, "Visions" was identified with approximately \$51 million of a \$550 million overall redevelopment program. Further, the decision with respect to "Visions" will be made separately from the adoption of the Redevelopment Plan, and may never happen.

(6) Ms. Manley objects to the use of eminent domain to displace current residents and property owners.

Eminent domain is a power reserved for the government to use in certain instances. California Redevelopment Law allows Redevelopment Agencies to utilize eminent domain to the extent approved in the redevelopment plan for the project area. At the April 21 Hearing, Council directed staff to prepare language which would limit the use of eminent domain within the project area. Council will deliberate on April 28 with respect to the eminent domain language to be included in the Plan.

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The following is a response to a letter from Mr. and Mrs. Thomas P. Smith of the Islenair Neighborhood Association, dated April 13, 1992, including a petition from their neighbors, referring to concerns with respect to the use of eminent domain within their residential community.

(1) Mr. and Mrs. Smith object to the Agency's ability to use eminent domain for redevelopment purposes in the project area.

Eminent domain is a power reserved for the government to use in certain instances. California Redevelopment Law allows Redevelopment Agencies to utilize eminent domain to the extent approved in the redevelopment plan for the project area. At the April 21 Hearing, Council directed staff to prepare language which would limit the use of eminent domain within the project area. Council will deliberate on April 28 with respect to the eminent domain language to be included in the Plan.

(2) Mr. and Mrs. Smith object to the ability of a redevelopment corporation to exercise the power of eminent domain.

The power of eminent domain is reserved for the City Council and the Redevelopment Agency. If eminent domain is authorized for redevelopment purposes in the redevelopment plan, the eminent domain procedures would require action, pursuant to a noticed public hearing, action by the City Council acting as the Redevelopment Agency Board. That power cannot be delegated to a separate corporation.

(3) Mr. and Mrs. Smith are concerned that there was very little notice given to property owners with respect to the development of the redevelopment project area boundaries.

The boundaries of the Project Area were drawn in 1990. All residents and property owners of the Project Area were notified of the proposed redevelopment project and the

upcoming PAC election in March, 1990. All who have signed up at meetings, workshops or elections, or have otherwise requested, have been placed on the mailing list and have been notified of numerous meetings over the past more than two years.

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The following is a response to a letter from Mr. Harold I. Sweet, dated April 16, 1992, referring to concerns with respect to findings of blight and the use of eminent domain in the project area.

(1) Mr. Sweet objects to the project area being designated as blighted.

While the existence of blight may be generally subjective, the Health and Safety Codes (Sections 33000, et. seq.) define blight in a way which can be measured more objectively. The Project Area was observed on a parcel-by-parcel basis, and all blighting influences have been documented. The Preliminary Report on the Draft City Heights Redevelopment Plan, and the Final Report of the Redevelopment Agency to the City Council include, among other things, a discussion and pictures of the blighting influences found.

(2) Mr. Sweet objects to the use of eminent domain within the project area.

Eminent domain is generally available to governmental entities for public projects such as parks, roadways and fire stations. Within redevelopment project areas, the people of the State of California have declared that redevelopment is a public purpose for which redevelopment agencies may use eminent domain. Eminent domain, however is a last resort after all other attempts at negotiating a sale have failed. In San Diego, eminent domain has only been used in approximately three percent (3%) of the property acquisitions made by the City and the Redevelopment Agency.

(3) Mr. Sweet is concerned that the Agency will "take" his property and prevent him from developing the property on his own.

The fact that property is located within the Project Area does not necessarily mean that the Agency will or even desires to acquire that property. The Agency may assist an owner in the development contemplated by an existing property owner when the Agency and the owner can agree on what that development should be.

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The following is a response to a petition from number of persons referring to concerns with respect to the use of eminent domain for redevelopment purposes.

- (1) The petitioners object to any use of eminent domain for redevelopment purposes.

Eminent domain is generally available to governmental entities for public projects such as parks, roadways and fire stations. Within redevelopment project areas, the people of the State of California have declared that redevelopment is a public purpose for which redevelopment agencies may use eminent domain. Eminent domain, however is a last resort after all other attempts at negotiating a sale have failed. In San Diego, eminent domain has only been used in approximately three percent (3%) of the property acquisitions made by the City and the Redevelopment Agency.

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The following is in response to a letter dated April 20, 1992 from the County Office of Education and an attached memorandum dated April 20, 1992 from Public Economic, Inc. to Tom Robinson of the County Office of Education.

- (1) PEI disputes the Agency's claim that the fiscal impact model prepared by David Taussig & Associates (DTA, the predecessor firm to PEI) potentially overstates operating impacts since the model ignores State equalization payments. KMA acknowledges that the final DTA analyses, contained in the Final Report of the Fiscal Review Committee, dated March 6, 1992, consider the impact of State funding sources to both the CCD and the COE. Operating impacts on the COE are defined as "foregone tax increment once basic aid status is achieved." KMA has two specific objections to this definition:
  - (a) The DTA report estimates basic aid status for the COE as occurring variously in 1996-1997 (Alternative 1) and 2005-2006 (Alternative 2). It should also be noted that in the context of Fiscal Review for the Centre City Redevelopment Project, DTA has projected basic aid status for the COE as 1997-1998. No supporting data is presented for any of these various projections.
  - (b) DTA calculates "foregone tax increment revenues" from development within the Project as the COE's standard tax share allocation of projected tax increment for the Redevelopment Project. However, the COE could not realistically expect to receive this level of revenues, since these tax increment projections are only achievable as a result of the Redevelopment Project.

In the case of the CCD, DTA projects operating cost impacts as the level of unfunded student enrollments. No relationship is established between actual operating costs to serve CCD students and the level of State funding that would have been received for each student if the CCD had not already exceeded the enrollment cap imposed by the State. This issue was previously addressed in the Agency's Response to the Final Report of the Fiscal Review Committee, Section 8.2. As shown there, the CCD has already established a policy of enrolling more students than the State has indicated it will subsidize. The resulting deficit in State financing is attributable to State education spending and CCD enrollment policies, rather than specific impacts of the Redevelopment Project.

- (2) PEI disputes the Agency's estimates of housing occupancy and household size under the Redevelopment Project and No Project alternatives. KMA and the Agency have formulated these estimates based on a detailed review of demographic and economic trends, building permit activity, and zoning code changes for the Project Area during the post-war period. Specific demographic and economic information for the Project Area during 1950-1990 is presented in Appendix A of the City Heights Redevelopment Project EIR. In response to PEI's specific query regarding an assumed residential vacancy of 7.5%, this does not represent an increase over existing conditions, but rather a continuation of the existing vacancy levels absent the positive influences of the Redevelopment Plan.
- (3) PEI cites a different figure for employed workers per household than that used by the Agency. The Agency and KMA assumed 1.73 workers per household outside the Project Area, as compared to DTA's assumption of 1.64 workers per household. By using a lower figure, DTA is overestimating the number of employment-related households generated by the Project. The most reliable source for this figure is the U.S. Census, as used by KMA. The 1988 survey data prepared by the Building Industry Research Council was not made available to the Agency or KMA. However, as explained by DTA/PEI during Fiscal Review, the data refer to a survey of new home buyers in San Diego County. Employment-related households will include all types of housing and households, whether renter- or owner-occupied, new or resale. Therefore, this data source is not appropriate.
- (4) PEI reiterates its claim that it is appropriate to consider multiplier effects from the Project such as indirect or induced employment and households resulting from the Project. The Agency thoroughly researched and evaluated this issue during Fiscal Review, and both the Agency and KMA made numerous observations during Fiscal Review regarding the appropriateness and reliability of analyses of indirect

impacts. Moreover, the Agency presented a detailed response on this subject in the Agency's Response to the Final Report of the Fiscal Review Committee, and further presented an alternative fiscal impact model without consideration of indirect impacts. KMA restates below the principal reasons why indirect impacts are not valid in an assessment of the fiscal impacts of the Project:

- (a) Consideration of indirect employment impacts represents double-counting. If the sponsors of the Redevelopment Project are to be held accountable for all fiscal impacts generated by new residential population and employment generation within the Project, then it is logical to assume that sponsors of comparable new development outside the Project Area should also be held accountable for the impacts stemming from those developments. In fact, a share of new employment within the Project may be considered to be indirect or induced employment generated by new employment outside the Project Area. However, since these indirect jobs within the Project Area are already counted in the impact analysis, it is not appropriate to count indirect employment outside the Project.
  - (b) The DTA analysis misapplies the principle of employment multipliers. The employment multipliers in the DTA analysis are inappropriate for several reasons: they are regional, not subregional, multipliers; they are industry-specific rather than land use-specific; and, in one case, the multiplier is an inputted valued from the Los Angeles region.
  - (c) DTA's use of employment multipliers does not consider specific characteristics of the Project Area, e.g., the existing high unemployment and underemployment rates, the prevalence within the Project Area population of younger persons likely to enter the work force for the first time, and the anticipated synergistic mix of jobs proposed by the Redevelopment Plan.
  - (d) The DTA model also does not consider that indirect employees may live in new housing in the Project Area. Failure to recognize an overlap between these two elements represents substantial double-counting.
- (5) PEI disputes the Agency's claim that DTA's student generation rate (SGR) for the CCD is overstated. The Agency's fiscal impact model uses 39.91 students (full-time equivalents, or FTEs) per 1,000 district population, as compared to DTA's SGR of 76.5 per 1,000 population. The Agency's SGR is based on 1991-1992 enrollment of 37,234 full-time equivalent students vs. an estimated districtwide population of 933,000. PEI's

memorandum does not dispute these figures. However, in its memorandum, PEI clarifies that the SGR of 76.5 represents total number of students without regard to credit load. This fact was not previously clear to KMA or the Agency, despite detailed review of the DTA report and repeated questioning during Fiscal Review. If KMA has erred in opining that DTA's SGR for the CCD was overstated, such misstatement was not intentional, but rather the result of lack of clarity on the part of DTA and the CCD.

Note also that DTA and the CCD do not present supporting data for their estimated SGR of 76.5 per 1,000.

- (6) PEI states that the decision to lease or own space is strictly a market decision. No evidence has been presented to support this conclusion. Comparison of existing facilities leasing costs with the new construction cost assumptions in the DTA model indicate that leased space is significantly cheaper. Yet, based on the limited facilities data made available by the COE, KMA found that the COE leases only 36.8% of its non-ROP (Regional Occupation Program) space. Therefore, it is obvious that non-market forces, such as institutional and planning goals, play a role in COE facilities policies.
- (7) PEI disagrees with the Agency's calculation of leasing costs for new COE facilities. In response, it is worth noting that the COE and DTA have insisted throughout Fiscal Review, both verbally and in the series of draft reports submitted, that all new COE facilities required to serve the Project and Project-related impacts would necessarily constitute new construction facilities wholly owned and operated by the COE. This assumption is unjustified, as it is in stark contrast with existing trends. Note that KMA's analysis of COE facilities requirements was restricted by the limited quantity and quality of data on existing facilities provided by the COE. KMA did review all available data on existing COE facilities, whether leased or owned, and lease rates for leased space. Based on this evaluation, KMA formulated best possible estimates about the future distribution and costs of leased and owned space for both administrative and academic program areas. In both cases, KMA's assumptions were conservative, i.e., the existing split of leased/owned space, about 36.8%/63.2%, was applied to the majority of academic program needs, while it was assumed that all administrative space would be owned; and KMA used the existing median rent of about \$1.00 per square foot.

Note that DTA suggests a capitalization rate between 9% and 11%, whereas KMA used an average capitalization rate of 10%. There would appear to be no inconsistency here.

- (8) The Agency's Response to the Final Report of the Fiscal Review

Committee states that "lease costs are presumed to be included in COE's current operating budget." PEI claims that this statement is incorrect, but presents no rationale to support its contention. In fact, most public and private organizations treat periodic lease payments as an operating budget line item, rather than a capital cost.

PEI subsequently states that the school districts are forced to devote operating revenues to "capital funding," i.e., facilities leasing costs, to the detriment of operating programs and services. KMA would agree that in an ideal world, the school districts would fund all capital needs from discreet funding sources that would not deplete operating revenues that could otherwise be devoted to programs and services. However, the Agency's revised fiscal impact model assumes only that existing trends will continue, i.e., that a similar proportion of capital funding needs will be met with outside funding sources in the future. Moreover, as stated in (6) above, KMA believes that the COE uses operating revenues to lease space for reasons other than financial incentive. Specifically, many programs are part-time or evening; many program locations are only temporary; the COE needs many small facilities in locations throughout the County (new construction would be inefficient); and a range of joint use opportunities are available with school districts throughout the County.

- (9) The No Project Alternative projects 40 percent as much commercial development and 60 percent as much residential development as would occur according to the Ultimate Growth Capacity Model of the Environmental Impact Report. These projections have been based upon a reasonable analysis of all available information used to prepare the Ultimate Growth Capacity Model (see Appendix A of the Final EIR) as well as analysis of the proposed Redevelopment Project and its likely impact on growth in the Project Area. As explained in the February 10, 1992 Agency letter to the Fiscal Review Committee chair, the no project scenario projections were based on the following considerations:

an estimated 4,276 net increase in dwelling units and a 22,379 net increase in population occurred in the Project Area from 1980 to 1990 (source: U.S. Census)

the Mid-City Community Plan shows that the number of housing units in the Project Area has climbed steadily since 1950; for the Mid-City Community Plan designated neighborhoods of "City Heights" and "Corridor", which combined comprise approximately 90% of the Project Area land area, the number of total dwelling units increased by 4,000 from 1950 to 1960, by 1,900 from 1960 to 1970, and by 2,900 from 1970 to 1980; this information,

combined with the 1980 to 1990 data contained in the Ultimate Growth Capacity Model, shows a long term trend of continued residential development and densification of the Project Area;

permit records of the City of San Diego indicate that between 1987 and 1991 permits for 855 dwelling units in the Project Area were issued; this data shows that most of the residential development of the 1980's occurred in the early and/or middle part of the decade and that development activity slowed significantly in the latter part of the decade;

during the 1980's a number of regulatory actions were instituted by the City of San Diego which diminished and/or discouraged residential development activity; those actions include: adoption of the Mid-City Community Plan and significant downzonings in several stages between 1984 and 1990; adoption of the Mid-City Planned District Ordinance in 1986, which placed many new constraints on development, including increased setbacks, parking, landscaping and other design features; institution of development impact fees charged to new development to assist in the financing of various needed public facilities; and institution of review of proposed development projects by new community planning committees in 1990;

during the latter part of the 1980's market conditions also served as a disincentive for rapid new development;

the above housing information, taken together, indicates a long-term pressure for continued residential development in the Project Area, but the likelihood that this development will continue at a slower pace in the future;

City of San Diego records show that only 14 permits for commercial development and/or tenant improvements were issued for the Project Area from 1987 to 1991 and all of these projects had estimated values below \$300,000;

the Project Area has experienced long term stagnation and general physical deterioration in all of its commercial areas; because of the scattered ownership and small parcel sizes, as well as overriding local conditions of pervasive visual and structural blight, high crime and poor community image, there has been little private redevelopment or rehabilitation in the commercial areas and this stagnation would be expected to continue without redevelopment.

The following is in response to the comments contained in the letter from the County of San Diego, dated April 17, 1992.

- (1) The County disagrees with the Agency's interpretation of the principle in redevelopment law of "financial burden or detriment." The Agency has thoroughly documented its understanding of the meaning of "financial burden or detriment" as referenced in State redevelopment law. The Agency's Response to the Final Report of the Fiscal Review Committee, as well as the section of the Agency's Report to Council that addresses fiscal impacts on the County, consider the two possible definitions of burden under the law (Section 10.2): (1) The loss of property tax revenues that the taxing agencies could have reasonably expected to receive in the absence of the Redevelopment Project; and (2) The impact on a taxing agency's operating and capital costs from increased demand for services or facilities as a result of the Redevelopment Project. In reviewing the County's fiscal impact model (letters dated February 26, 1992 and March 16, 1992), the Agency has raised specific objections related to the County's misinterpretation of redevelopment law concerning "financial burden or detriment." Specifically, KMA and the Agency believe that the impact analysis should consider only those cost impacts resulting from the portion of the development attributable to redevelopment, i.e., over and above development that could have been expected to occur anyway. The County's analysis instead considers the full impacts of all development under the Redevelopment Project scenario. Alternatively, the County's estimate of "foregone tax revenues" is overstated, since it estimates these revenues as the County's standard tax share allocation of projected tax increment for the Redevelopment Project. However, the County could not realistically expect to receive this level of revenues, since these tax increment projections are only achievable as a result of the Redevelopment Project.

The Agency rejects the County's proposition that development within the Project Area represents "lost" development activity from other areas of the County from which the County could have expected to receive tax revenues. Even if one could identify and measure development within the Project Area that would have occurred elsewhere within the region, that fact does not constitute "financial burden or detriment" under the law.

- (2) The County agrees with the Agency's supposition that the County would receive additional property tax revenues from new employment-related residential development outside the Project Area. KMA and the Agency also acknowledge that due to Proposition 13 reassessment limits, property assessments can

only be escalated 2% per year except when there is market turnover. The County claims that, over time, the gap between property values and service costs will widen significantly. However, this fails to consider that: (1) actual historical increases in Countywide assessed valuation have far surpassed the 2% ceiling due to market turnover and new development activity; and (2) the County's projection of a 6% annual increase in operating costs over the 40-year life of the Project is overstated. KMA and the Agency find no justification for a 40-year inflationary factor that is 20% to 33% higher than recent Consumer Price Increase (CPI) trends in the 4% to 5% range.

- (3) The County reiterates its position on the use of existing needs, rather than existing expenditures, to project future operating expenditures. As stated in the Agency's Report to Council, KMA believes that current operating expenditures are the best indicator of future operating costs. In an ideal world, any organization, public or private, would be capable of fully funding operating revenues for all identified needs. In the real world, however, all organizations are subject to a variety of financial and planning constraints, and must make strategic choices regarding the optimal uses of limited revenue sources. By increasing per capita operating costs by factors of 12% to 17%, the County is projecting an unrealistically high future service level relative to present service levels. In turn, this imposes an unfair penalty on the Redevelopment Project.
- (4) As noted in (2) above, the County and the Agency disagree on the appropriate inflation rate for operating cost impacts. KMA supports the Agency's contention that projected long-term inflation should reflect historical long-term inflation trends, which have typically approximated 5% per annum.

Note also that wages in many employment sectors have declined in real terms over the past decade.

- (5) In item (5), the County responds to the Agency's statement that facilities requirements and costs in the County's impact model are not substantiated. Typically, projected facilities requirements are expressed in terms of current relationships between square footage, units, beds, etc. and population or employment. Facilities cost estimates are projected based on existing land and construction costs (dollars) per square foot, unit, bed, etc. The County's response cites SANDAG as the principal source of data, but does not present the actual yields and cost rates.
- (6) The County states that using regional average spending figures for the Project Area assumes that conditions in the Project Area will be improved by the Redevelopment Plan to better



reflect regional average conditions. KMA finds this to be an arbitrary approach to the analysis. A more appropriate approach would entail two steps:

- (a) Project future operating costs for the Project Area absent redevelopment based on actual existing expenditure levels specific to the Project Area for services such as health, welfare, justice, safety, etc.
  - (b) Evaluate the potential improvements in demographic, economic, housing, public safety, and other conditions in the Project Area that are likely to result from the Redevelopment Project. Estimate the associated reduction in need for remedial services typically provided by the County.
- (7) The County claims that even if the Agency assists in the development of new capital facilities in the Project Area for the County, the County's needs will not be met unless there is a mechanism to fund operating costs. To this end, the Agency has actively engaged in discussions with the County to arrive at appropriate mitigation payments that will both: (1) assist the County in meeting the service and program needs of new Project Area residents resulting from the Redevelopment Project; and (2) help fulfill the goals of the Redevelopment Plan for the Project Area.

With regard to the percent of operating costs funded by property taxes, the Agency's revised fiscal impact model for the County makes the same assumption as the County's analysis, i.e., that future operating budgets will be funded by property taxes in the same proportion as currently. The County claims that the proportion of its operating budget funded by property taxes has increased over time, but has not provided historical data on operating budgets and property tax revenues. KMA and the Agency would be willing to re-evaluate this assumption if such data were made available.

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The following is in response to the comments contained in the letter dated April 21, 1992 from the San Diego Unified School District.

- (1) The USD refers to its economic consultant's study, contained in the Final Report of the Fiscal Review Committee. KMA and the Agency have reviewed the Recht Hausrath & Associates (RHA) report in detail and provided numerous suggestions for improvement during Fiscal Review (contained in Appendix D of the Final Report) and in the Agency's Response. The USD and RHA chose not to incorporate a majority of these proposed modifications into the final analysis presented in the

Committee's Final Report (March 6, 1992). KMA believes that it has been demonstrated that the RHA analysis is inadequate; that it overstates the level of impacts caused by the Project; and that it overlooks the special demographic and economic conditions of the Project Area.

- (2) The USD states that the Agency's analysis of the RHA report fails to factor inflation into the cost of facilities over the life of the Project. The USD is referring to the Agency's Response, which contains a detailed restatement of the Agency's objections to the RHA report (Section 7) and a presentation of a revised fiscal impact model incorporating the Agency's proposed modifications (Section 10). However, the USD's comment is incorrect. The Agency's analysis uses a per-student facilities cost estimate of \$20,626, as cited by the USD and RHA in its analysis. Tables 10-2 through 10-9 of the Agency's Response present all costs and revenues for the total Project at buildout in static 1992 dollars. The resulting net cost impact figures are then shown in the summary table (Table 10-1), where they are: (1) phased over the 40-year life of the Project in accordance with the anticipated schedule of assessed valuation increases; and (2) escalated at an annual rate of 4%.
- (3) The USD states: "The Agency fails to consider the cost of rehabilitating school facilities over the life of the Project to continue servicing Project Area pupils." This is essentially correct. As stated in the Agency's Response, Section 7.3.4, the costs of rehabilitating existing school facilities to serve existing students cannot be considered an impact of the Redevelopment Project. The need to rehabilitate existing facilities for existing students would exist regardless of the Agency's redevelopment activities. Moreover, as shown in Section 7.3.4.2 of the Agency's Response, the USD and RHA have grossly overstated the need to rehabilitate facilities for USD's projected increase of 3,693 students in the Project Area over the 40-year life of the Project. RHA calculates full rehabilitation costs for each of these students from the beginning of the Project, although this increase will occur gradually over the 40 years.
- (4) The USD claims that the Agency significantly underestimates the USD's share of the tax increment if no redevelopment were to occur. According to the USD, its share of Project Area property taxes under a No Project scenario is \$400 million, while the Agency estimates this figure as \$215 million. The discrepancy between these two figures represents a fundamental disagreement between the Agency and the USD regarding the definition of "financial burden or detriment" in redevelopment law. The Agency addressed this issue at length during Fiscal Review and in its Response (Sections 7.3.1, 10.2, and 10.3). KMA and the Agency have repeatedly demonstrated to the Fiscal

Review Committee that "foregone tax revenues" should be estimated as the level of property taxes that a taxing agency could reasonably have expected to receive absent the redevelopment program. The USD's estimate of \$400 million (future dollars) over the life of the Project is based on the full projected tax increment from the Redevelopment Project. However, this level of tax increment is only achievable as a result of the Redevelopment Plan implementation. The Agency and its consultants submitted during Fiscal Review a detailed projection of the probable development and valuation scenario for the Project Area under a No Project Alternative (February 19, 1992 letter, contained in Appendix D of the Final Report). The Agency's assumptions and projections were based on a detailed review of historical information on demographic, development, land use allowance, and economic conditions, constraints, and trends in the Project Area relative to the region. All of this background data is presented in Appendix A of the City Heights Redevelopment Project EIR. Based on the No Project Alternative, then, the USD could expect to receive total tax revenues of \$214.75 million (future dollars), as shown in Section 10.3 of the Agency's Response.

- (5) The Agency's response to the Final Report of the Fiscal Review Committee for the City Heights Redevelopment Project, which is referenced and incorporated into the Final Environmental Impact Report for the Redevelopment Project, does analyze the number of students to be generated by commercial development, the number of students to be generated by residential development and the cost of school facilities for them, the impact of all students from existing housing over the life of the Project and the amount of developer impact fees to be levied over the life of the Project and how those fees should be used to mitigate impacts of growth in school facilities demands.

- \* - \* -

The following is in response to the letter, dated April 20, 1992, from Bowie, Arneson, Kadi Wiles & Giannone, who represent the San Diego County Office of Education. Responses to each itemized comment follow:

- (1) BAKWG criticizes the Agency's methods with regard to the identification of impacts, and specifically refers to the Agency's "attempt to consider redevelopment projects from other communities..." This specific reference is misleading in that it suggests that the Agency prepared quantitative measures projected growth and potential fiscal impact based on measures of growth and fiscal impacts related to other redevelopment projects in the State of California. The Agency did not do such measures of other redevelopment projects or apply such measures to its fiscal impact analysis for the City

Heights Redevelopment Project. The Agency prepared its own growth projections and measures of potential fiscal impact based on local conditions in the Project Area. Other examples of redevelopment were considered cumulatively as an indication that redevelopment in the Project Area would be expected to be a positive catalyst for development and improvement of the Project Area. No measure of this relationship to other redevelopment projects was made by the Agency. For the record, let it be stated that:

- (a) The Agency and its consultants do consider the Project Area to be unique within the San Diego region. An evaluation of its principal demographic and economic characteristics, contained in the Project EIR, amply demonstrate its uniqueness.
  - (b) The first point is not necessarily in direct contradiction with the concept that the experiences of "comparable" redevelopment projects in other cities and their respective taxing agencies and service providers can be usefully evaluated and compared with the subject project. KMA and the Agency believe that such an evaluation would be particularly useful for the following reasons:
    - (i) The various fiscal impact models presented by the taxing agencies have no specific relevance to the redevelopment process, but rather represent traditional nexus-type analyses that are more appropriately used to derive impact fees for new development.
    - (ii) None of the fiscal impact analyses presented by the taxing agencies and their consultants consider the beneficial impacts of redevelopment, such as reduced demand for remedial services and programs, nor do they allow that the taxing agencies and the redevelopment process share a significant number of common goals.
- (2) BAKWG contends that the Project's environmental documentation fails to consider the Project's potential secondary employment impacts. KMA did not work with the Agency on preparation of the EIR, but we did assist the Agency in preparing the Response to the Final Report of the Fiscal Review Committee, a document which does address the issues of employment multipliers and indirect impacts.

First, it should be noted that the revised fiscal impact model presented by the Agency and KMA in the Agency's Response does indeed consider regional impacts. The model considers employment and population impacts within the Project Area, as

well as housing and population impacts outside the Project Area generated by Project Area employment growth. However, KMA does not consider multiplier effects of Project Area growth such as indirect employment and indirect employment-related households. The justification for this approach has been presented in detail in the Agency's Response and again in item (4) of the PEI comments above. Briefly summarized, the principal reasons are restated as follows:

- (a) Only direct housing and employment impacts should be considered in order to avoid double-counting.
  - (b) Regional employment multipliers are neither appropriate nor valid for a subregional area such as downtown San Diego. KMA and the Agency consulted and corresponded with San Diego Association of Governments (SANDAG) officials and documented this assertion in the Agency's Report to Council.
  - (c) Given the nature of the Project Area, the goals of the Redevelopment Plan, and the synergistic mix of land uses proposed, it is reasonable to assume that a sizeable proportion of indirect or induced employment impacts should be captured within the Project itself.
- (3) BAKWG states that no evidence is available to support the notion that existing Project Area residents who are currently unemployed or underemployed are equipped to fill the new jobs proposed for the Project Area under the Redevelopment Plan. BAKWG therefore finds no basis for the conclusion that new Project Area employment would result in an in-migration rate 10% lower than the historical regional in-migration rate.

KMA acknowledges that the Agency's calculation of a 10% reduction in worker household in-migration represents a best possible estimate, rather than a figure specifically supported by empirical data. The 1980-1990 regional in-migration rate, as supported by data from the Census, Department of Finance, the County, and SANDAG, was 0.6242. The Agency then makes a 10% downward adjustment in this figure, to 0.5618, to reflect special circumstances of the Project Area. These include the high level of unemployment, underemployment, and youthful population entering the work force for the first time in the Project Area. Moreover, the Redevelopment Plan details specific goals to provide jobs suited to the skills and experience level of existing residents who are unemployed and underemployed.

Finally, the Agency projects no industrial or research and development jobs being generated as a result of the Redevelopment Project. The Project Area's zoning does not provide for such development or land uses. Projected

commercial retail and service jobs generally do not require a high level of employment skills. These jobs are considered easily available to most Project Area residents.

- (4) BAKWG claims that the Project EIR admits that the Project is designed to stimulate employment opportunities and population increases. Although KMA was not directly involved in the preparation of the EIR, KMA and the Agency explained repeatedly during Fiscal Review that a principal objective of the Project is to curb the excessive rate of population growth and housing overcrowding experienced in the Project Area during the past decade. In fact, the No Project Alternative assumptions, presented February 19, 1992, show in detail the probable demographic and economic conditions in the Project Area over the next 40 years in the absence of Redevelopment Project implementation.

With regard to BAKWG's comment that there is no evidence in the record to refute the impacts anticipated by the COE, this too is untrue, for the following principal reasons:

- (a) KMA and the Agency have amply demonstrated during Fiscal Review and in the Agency's Response that the COE/DTA impact analysis is overstated.
  - (b) The Agency has presented a revised impact analysis for the COE, which is fully documented in the Agency's Response. This revised model, which incorporates the modifications that the Agency had proposed to the COE during Fiscal Review, finds a substantially lower level of cost impacts on the COE resulting from the Project.
  - (c) Neither the COE's finding of impact, nor the Agency's finding of impact, can be termed significant, when compared with total anticipated operating expenditures for the COE over the 40-year life of the Project (Sections 8.2.8.3 and 10.6 of the Agency's Response).
  - (d) The Agency has already proposed several mitigation measures, including specific projects itemized in the Redevelopment Plan, and is in the process of discussing with the COE the method and level of mitigation payments corresponding to Project impacts on the COE.
- (5) In its final comment, BAKWG states that the Project will result in a significant burden on the COE, and bases this claim on the finding of a \$9.97 million fiscal impact (1992 dollars) presented in the DTA final report in the Final Report of the Fiscal Review Committee. KMA believes that this estimate of fiscal impact is overstated, and that more valid estimates of impact appear to be insignificant. The following reasons support this claim:

- (a) Firstly, note that the final DTA report presents two separate estimates of total fiscal impact on the COE: \$9.97 million in Alternative 1 and \$8.62 million in Alternative 2. These figures represent total combined operating and capital cost impacts for the life of the Project in 1992 dollars. Stated in future dollars, these impacts are estimated as \$34.81 million in Alternative 1 and \$32.10 million in Alternative 2. The DTA report does not reach a final conclusion as to which estimate of impact is the more probable projection.
- (b) Even if it were assumed that the assumptions and methodology supporting the DTA impact conclusions were correct, the report does not establish the significance of these impacts. In Section 8.2.8.3 of the Agency's Response, it was demonstrated that the total cost impact relative to the COE's annual operating budget is negligible. For example, the maximum operating cost impacts over the 40-year life of the Project, projected by DTA as \$26.10 million (future dollars), represent just 0.3% of anticipated total operating expenditures over the same period.
- (c) Lastly, KMA and the Agency do not accept the finding of impact on the COE presented by DTA in its final report. Both during Fiscal Review and its Response, the Agency has shown that the taxing entities' fiscal impact models are inadequate; that they overstate the level of impacts caused by the Project; and that they overlook the special demographic and economic conditions of the Project Area. The Agency's own revised fiscal impact model, which is presented in detail in Section 10.4 of the Agency's Response, finds a much lower level of fiscal impact on the COE from the Project. Total operating and capital cost impacts for the 40-year Project are projected to be \$7.54 million (future dollars). Moreover, the Agency demonstrates in Section 10.6 of the Response that this level of impact can be considered insignificant. The total impact of \$7.54 million represents just 0.09% (nine one-hundredths of one percent) of total anticipated COE operating expenditures over the next 40 years.

PETITION

70

We, the undersigned, being residents, property owners or business owners within the City Heights Redevelopment Project Area "Boundaries" hereby petition the City Council of San Diego, California to restrict the utilization of Eminent Domain (government or government agency taking your property for its purpose), as to any PRIVATE PROPERTY FOR ANY PRIVATE USAGE, to carry out the aims and objectives of the City Heights Redevelopment/Revitalization of my City Heights community. I therefore respectfully sign this petition without any duress and beg for your consideration.

Name	Address	If Owner, Check	Phone # (Optional)
1) <u>JEM SHERIDAN</u> (Print)	<u>4278 PEPPER DR.</u> (Street Address)	<input checked="" type="checkbox"/>	
<u>[Signature]</u> (Sign)	<u>S.D CA 92105</u> (City/State/Zip)		
2) <u>LINDA SHERIDAN</u> (Print)	<u>4278 PEPPER DR.</u> (Street Address)	<input checked="" type="checkbox"/>	
<u>[Signature]</u> (Sign)	<u>SAN DIEGO CA 92105</u> (City/State/Zip)		
3) <u>STEVEN C. WELCH</u> (Print)	<u>4175 SYCAMORE DR.</u> (Street Address)		
<u>[Signature]</u> (Sign)	<u>SAN DIEGO, CA 92105</u> (City/State/Zip)		
4) <u>LILLIAN E. WELCH</u> (Print)	<u>4175 SYCAMORE DR</u> (Street Address)	<input checked="" type="checkbox"/>	
<u>[Signature]</u> (Sign)	<u>SAN DIEGO 92105</u> (City/State/Zip)		
5) <u>VIRGIL WELCH</u> (Print)	<u>4175 SYCAMORE DR</u> (Street Address)	<input checked="" type="checkbox"/>	
<u>[Signature]</u> (Sign)	<u>SAN DIEGO, CA 92105</u> (City/State/Zip)		
6) <u>VICTORIA WIGHT</u> (Print)	<u>4471 SYCAMORE DR</u> (Street Address)		
<u>[Signature]</u> (Sign)	<u>SAN DIEGO, CA. 92105</u> (City/State/Zip)		
7) <u>JANE RICE</u> (Print)	<u>4160 SYCAMORE DR</u> (Street Address)		
<u>[Signature]</u> (Sign)	<u>4160 SYCAMORE DR</u> (City/State/Zip)		
8) <u>JOAN RHODES</u> (Print)	<u>4183 SYCAMORE DR</u> (Street Address)		
<u>[Signature]</u> (Sign)	<u>SAN DIEGO, CA 92105</u> (City/State/Zip)		
9) <u>SHARON MANGILMIT</u> (Print)	<u>4172 SYCAMORE DR.</u> (Street Address)		
<u>[Signature]</u> (Sign)	<u>SAN DIEGO CA. 92105</u> (City/State/Zip)		
10) <u>JAMES LIZOTTE</u> (Print)	<u>4172 SYCAMORE DR SW</u> (Street Address)		
<u>[Signature]</u> (Sign)	<u>SAN DIEGO CA 92105</u> (City/State/Zip)		



**PETITION TO REMOVE BELLE ISLE DRIVE  
FROM CITY HEIGHTS REDEVELOPMENT PROJECT AREA**

WE THE RESIDENTS OF ISLENAIR, HEREBY PETIRION TO HAVE BELLE ISLE DRIVE REMOVED FROM THE CITY HEIGHTS REDEVELOPMENT PROGRAM AREA.

Prior to the delivery of the certified letters the week of March 22, 1991, we had not been aware that any port of Islenair was included in this City Heights project. We have a strong, cohesive, single family (R-1) neighborhood that is 91% owner-occupied. We publish a bi-monthly newsletter, have an active Community Watch, hold an annual yard sale, neighborhood clean-up and picnic and have no need for redevelopment or for PRIVATE USE eminent domain.

PLEASE TAKE WHATEVER STEPS THAT ARE NECESSARY TO REMOVE OUR STREET FROM THE CITY HEIGHTS REDEVELOPMENT PROJECT AREA.

**NAME** **ADDRESS** **PHONE NO.**

27  
Signature

Charlotte Taylor	3458 Belle Isle Dr.	92105 283-5094
Dolores Taylor	3458 BELLE ISLE DR	92105-284-8094
Don Scungas	3462 Belle Isle Dr	92105 284-2541
Susan Scungas	3462 Belle Isle Dr	92105 284-2541
Mary Ellen Enyeart	3518 Isla Vista Dr.	92105 281-9979
Beverly Enyeart	3518 Isla Vista Dr	92105 281-9979
Basil D Enyeart	3518 Isla Vista Dr	92105 281-9979
Glen Proffitt	3442 Belle Isle Dr	92105 284-9165
Charlotte Proffitt	3442 Belle Isle Drive	92105 284-9165
Karen Lou Laffoon	3426 Belle Isle Dr.	92105 283-0465
Maria Leeley	3422 Belle Isle Dr	SD 92105
David P. Leeley	3422 Belle Isle Dr. San Diego	92105
Desmet Manuel Digg	3412 Belle Isle Dr.	92105 5281439
Joel Digg	" " " "	" "
Vince Salerno	3404 Belle Isle Drive	92105 281-0337
Frances Salerno	" " " "	" "
Lois Wilhite	3420 Isla Vista Dr.	92105-282-0015
Neal Edme Tassolot	3328 Belle Isle Dr.	282-5164
Paul A. Longworth	3314 Belle Isle DR.	584-4318
Tambriatin	3304 BELLE ISLE DR.	282 4844
Denise O LAQUEE	3262 Belle Isle Dr.	528-1361
Jonathan G. Carsten	3262 Belle Isle Dr.	528-1362
John Schenwald	3244 B.I.	
Wilma Schoenwald	3244 Belle Isle Dr	
Ronald G. Hansen	3154 BELLE ISLE DR	5634092
Kenneth J. Hunter	3138 Belle Isle Dr.	282 1223
John J. Hunter	3138 R. Dr. T. Dr. DR	282-1223

K-279879

7-68

April 13, 1992

Mr. Ples Felix  
Redevelopment Agency of the City of San Diego  
1200 Third Avenue, Suite 1620  
San Diego, CA 92101-4199

RECEIVED  
APR 16 1992  
E.C.O. DEV. / PROP. DEPT

RE: City Heights Redevelopment Project

Dear Mr. Felix,

Attached please find copies of a petition signed by residents of Islenair requesting that Belle Isle and Isla Vista Drive be excluded from the City Heights Redevelopment Project area.

We recently learned that the boundary lines were established by a private consulting firm hired by the City. We can only assume that this firm is not familiar with the area. The neighborhood of Islenair is an older, but well maintained, cohesive area (see photos attached). If Euclid is ever realigned or widened, it should not be necessary to take any more than the properties fronting on Euclid. Public use eminent domain would cover any additional properties required.

We vehemently object to a Redevelopment Corporation Board having PRIVATE USE EMINENT DOMAIN over any part of our neighborhood, and will participate at the Council meeting on April 21 to have PRIVATE USE EMINENT DOMAIN EXCLUDED from the whole redevelopment area. This type of control over an area can too easily lead to graft and corruption.

We are requesting your assistance in having the eastern boundary relocated to the public utility easement between Belle Isle and Euclid, thereby excluding all Islenair properties fronting on Belle Isle and Isla Vista Drive.

Thank you.

*T.P. Smith*

Mr./Mrs. Thomas P. Smith  
Islenair Neighborhood Assoc.  
3443 Belle Isle Drive  
San Diego, CA 92105  
PH: 284-0501

Letters to: All City Council Representatives  
Office of the Mayor  
Mr. Plex Felix, Redevelopment Agency

Encls: 9

R- 279879



# SAN DIEGO COUNTY OFFICE OF EDUCATION

6401 LINDA VISTA ROAD SAN DIEGO, CALIFORNIA 92111-7399 (619) 292-3500

## Board of Education

Martin Block  
Bill Hampton  
Ann Navarra  
Jack Port  
Joe Rindone

April 20, 1992

## Superintendent of Schools

Harry C. Weinberg

The Honorable Maureen O'Connor  
Mayor of San Diego  
202 "C" Street, 10th Floor  
San Diego CA 92101

Re: April 21, 1992 Public Hearings Regarding the City Heights  
and Centre City Redevelopment Projects

Dear Mayor O'Connor:

I am writing to express concerns regarding redevelopment and its affect on continued quality education in San Diego.

If the City of San Diego is to achieve its rightful place as a shining star on the Pacific Rim, it must have excellent schools. Redevelopment without strong public education will result in both empty minds and buildings.

By way of using tax increment financing, redevelopment poses a financial risk to schools and the quality of education in the city of San Diego.

In this regard, effective redevelopment must be based on a reasonable balance between city physical improvements and the risk to the education of our citizens, especially children.

We request that prior to your approval of any redevelopment project you ask the educational agencies if the level of risk to education has been reduced to an acceptable level. If the answer is yes, then proceed with confidence that the educational needs of the community have been addressed. If the answer is no, then postpone project approval until an affirmative answer can be given.

We look forward to continuing to work with you and your colleagues on the Council in areas of mutual benefit and concern.

Sincerely,

Harry C. Weinberg  
County Superintendent of Schools

HCW:ZS

R- 279879

STATEMENT, BY KAREN MANLEY, OF HER OBJECTIONS TO THE PROPOSED REDEVELOPMENT PROJECT.  
DELIVERED TO THE CITY COUNCIL OF THE CITY OF SAN DIEGO ON APRIL 21, 1992

The "VISIONS PROJECT" is the major component of the City Heights Redevelopment plan.

I am against the governments eminent domain power to displace current residents and property owners, especially for special interests. The VISIONS PROJECT is special interests.

I believe, because of my own involvement with the proposed plan for the City Heights Redevelopment Project, that this plan may have been implemented illegally.

Members of the Project Area Committee voted to postpone the March elections, with strong objections from the community, because of the public objection, it was stipulated that there will be no more meetings of the PAC until after the July elections. ENCLOSED is a notice announcing a special meeting.

At a special meeting of the Pac in August of 1991, the PAC voted for blanket use of eminent domain, against the strong objections of the community. Property Owners were not notified of this special meeting. I personally delivered 400 fliers, and made phone calls to area property owners.

During the PAC elections at Wilson School the Community Development Corporation passed out fliers with their slate of recommended candidates. I believe that it is illegal for a federally funded organization to be involved with a PAC election campaign.

I strongly object to the Redevelopment Plan, and the "VISIONS PROJECT" which is over fifty percent of the redevelopment plan.

I strongly object to the PAC board members who used their power improperly, to avoid a timely election, which the public had demanded.

DATE

4/21/92

BY

Karen A. Manley

R- 279879

Harold I. Sweet  
28326 Avenida Francesca  
Sun City, CA 92585  
(714) 679-0799

San Diego City Council and  
Mayor Maureen O'Connor  
c/o City Clerk  
202 C Street - Second Floor  
San Diego, CA 92101

April 16, 1992

RE: Opposition to proposed City Heights Redevelopment Plan

Blight or not blight - that is the question. Just as beauty is in the eye of the beholder, so is blight. What to one person may seem to be a worn out, outmoded piece of junk, to another it may be a valuable antique classic. "Old", in itself, is not the main criteria of blight. Many of the world's most prized possessions are very old.

Yet, the proposed City Heights Redevelopment Plan, if passed, will have tremendous powers to reshape any part or the whole of this large area, if in their opinion it is "blighted". Without a doubt, some blight exists there, but to paint that large area with a broad brush as being blighted is ludicrous. Past city policies and lack of appropriate action are partly the cause if that area is now considered blighted.

While parts of this Utopian plan, if accomplished, would make for a better San Diego, other possible scenarios could lead to disaster. We need to learn and heed from the experiences of some other cities that have tried this sort of thing on a large scale. They haven't all panned out good. We have all seen on television where very large buildings, which were originally built as part of a redevelopment plan, have been destroyed with many explosives and reduced to a pile of rubble in seconds. Don't let that happen in San Diego.

As Councilpersons and planners you are required to look at the big, overall picture. While the overall picture concerns me, my main interest is the tiny speck on the map which represents property I have owned within the boundaries of the City Heights Redevelopment Plan for nineteen years at 3928-30 El Cajon Boulevard. The main reason I bought the property was because of its location. I envisioned then that after the I-15 freeway was completed, I would be able to redevelop my own land, with the possible assemblage with neighboring property in order to capitalize on the increased demand for this highly desirable location.

Now, because of gradual changes in zoning and other city codes, I would not be allowed to accomplish my dream. The Visions Project and the City Heights Redevelopment Plan both have the power of eminent domain, which I fear will eventually be used on El Cajon Boulevard between 39th Street and 40th Street.

R- 279879

RECEIVED

APR 20 1992

PROPERTY DEPT

San Diego Calif  
April 16 1992

City Clerk  
City Administration Building  
202 C Street  
San Diego, California 92101

RECEIVED  
APR 17 1992  
ECO. DEV. / PROP. DEPT

Regarding the "City Heights Redevelopment Plan"  
Hearing for April 21, 1992

Dear Sirs -

I wish to go on record as  
opposing the subject "Plan". It is  
unnecessary and fails to meet the  
needs of the "Area".

The recent meetings held to  
instruct the area residents,  
identified a large number of  
local residents also opposed  
to the "PLAN". My own poll  
indicates only a few who directly  
benefit are in favor, business  
people, lenders and those in  
government proposing the "Plan".

I "deny the existence of BLIGHT  
in the Project area"

The apparent proposals for  
financing the "Plan" should be  
submitted to the Vote of the Property  
Owners in the "Plan" Area.

The "Plan" amounts to another  
level of unnecessary duplication  
of Government interference.

R- 279879

at this late date to correct the past planning errors is not an appropriate objective of the "Plan"

Zoning, if stabilized and made favorable, will be more than adequate to further economic, social and physical development by private enterprise than what the "Plan" can do

To use Redevelopment as a vehicle to obtain upgradable public improvements, libraries, police & fire stations and schools, that cannot be acquired through normal channels is certainly not a proper use of Redevelopment law or of the "PLAN".

Blight is not a valid excuse even though used as permitted.

It is not an honest procedure.

LET US VOTE ON THE PLAN

C.C. Redevelopment Agency  
of the City of San Diego

cc John Hartley  
Councilman 3<sup>rd</sup> Dist

cc

Sincerely,  
Joseph J. Colaneri

4243 Alta Vista

San Diego, Calif

951-5573



# County of San Diego

CHIEF ADMINISTRATIVE OFFICER  
(619) 531-8228  
(Location Code 730)

CHIEF ADMINISTRATIVE OFFICE

1800 PACIFIC HIGHWAY, SAN DIEGO, CALIFORNIA 92101-2472

April 17, 1992

Jim LoBue  
Redevelopment Agency of the  
City of San Diego  
1200 Third Avenue, Suite 1620  
San Diego, CA 92101-4199

RE: City Heights Redevelopment Project Draft Environmental  
Impact Report

Dear Mr. *Jim* LoBue:

I received a letter dated April 10, 1992, transmitting the Redevelopment Agency's proposed response to comments by the County of San Diego on the Draft Environmental Impact Report for the City Heights Redevelopment Project.

For the record, we wish to note the following:

- In analyzing impacts of the Redevelopment Project, the County has considered (a) the potential loss of revenues outside the Project Area and (b) the combined effect of foregone Project Area revenues and incremental Project Area service costs. This analysis is based on the definition of "financial burden or detriment" in the State Redevelopment Law. We are not aware of any statutory or judicial evidence which contravenes our interpretation of the law.

As a regional taxing agency, the County will lose property tax revenues to the extent the Redevelopment Project causes a shift in the location of development activity. In terms of effects within the Project Area itself, if the Redevelopment Plan is adopted there will be an increase in service demands on the County from population and employment growth beyond what the Agency anticipates would have occurred in the absence of the Project. Meanwhile, the Agency will collect property tax revenues which otherwise would have flowed to the County.

- The County would receive additional property tax revenues if there is new residential development outside the Project Area to accommodate employment-related population growth. However, the effects of Proposition 13 reassessment limits must be taking into account in modeling the net impact of growth.

R- 279879



April 17, 1992  
Jim LoBue  
Page Two

Although the County's service costs are expected to increase at an average annual rate of 6%, the growth in property tax revenues would be much lower, creating a widening gap each year.


- The County's analysis included an estimate of the cost to provide services which currently cannot be funded due to the County's limited revenues. We used existing needs, rather than existing costs, as the basis for forecasting impacts since the County would be incurring additional costs to provide a higher level of service to all existing residents and employees if revenues were available.
- An average annual inflation rate of 6 percent was used by the County in projecting service costs over the next 40 years. This is consistent with long-term independent forecasts for inflation as well as past experience. Personnel costs represent a substantial portion of the County's budget; these costs include health and retirement benefits which are escalating at rates above the CPI. County direct services which include a health care component are also escalating at a much higher rate. These specialized cost factors do not apply to capital expenditures, so a lower inflation rate of 4 percent was used in projecting capital costs.
- Capital cost forecasts were based on assumptions derived from documents prepared by SANDAG as part of work for the Regional Revenues Advisory Committee, and from information provided by County staff involved with court and jail capital projects. Cost estimates were limited to detention, judicial and health facilities because information was not available to document existing square footage and space deficiencies for other types of County facilities. The estimate of capital costs therefore represents the minimum potential impact on the County.
- The County's analysis implicitly assumes that the Redevelopment Project will have some beneficial effect on the overall demand for County services, by forecasting costs based on regional per capita averages. As noted in the Agency's Preliminary Report and draft Environmental Impact Report, conditions in City Heights include higher crime rates and other indicators of social and economic problems for the Project Area population. By projecting costs at the regional average, we have assumed, in effect, that the Project will have the beneficial result of bringing City Heights up to a level commensurate with the region as a whole.

April 17, 1992  
Jim LoBue  
Page Three

- County facilities serving the Project Area are already overcrowded and service levels are inadequate. No marginal capacity exists to absorb future growth without added costs. Construction of new facilities by the Redevelopment Agency will not meet the County's needs unless there is a mechanism to fund operating and maintenance costs. Although the County receives program revenues (including Federal and State funding) as well as property taxes, sales taxes and other general revenues, the share of regional service costs funded by local property taxes has increased over time. In projecting net costs for regional services to existing and future residents and employees of the Project Area, we assumed the percentage of costs to be funded from property taxes would remain at the current level. This assumption resulted in a minimum cost forecast.

As you know, County and Agency staff have had extensive discussions about projected impacts and how adverse effects on the County could be addressed, but have not yet reached agreement on the appropriate level of payments to the County from Project Area tax increment revenues. Unless a suitable agreement is approved by the Redevelopment Agency in conjunction with Agency and Council adoption of the City Heights Redevelopment Plan, there will be significant, unmitigated impacts on the County General Fund.

Sincerely,

  
RICH ROBINSON, Director  
Office of Special Projects

RR:me

R- 279879

# BOWIE, ARNESON, KADI, WILES & GIANNONE

A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION

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FAXED  
4-20-92

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April 20, 1992

\* A PROFESSIONAL CORPORATION

City Council  
City of San Diego  
202 "C" Street  
San Diego, CA 92101

Redevelopment Agency of the City of San Diego  
1600 Third Avenue, Suite 1620  
San Diego, CA 92101

Re: City Heights Redevelopment Project - Joint Public  
Hearing

Honorable Members of City Council and Redevelopment Agency:

By way of introduction this firm represents the San Diego County Office of Education (SDCOE), and has assisted SDCOE in its review of the above-referenced project (the "Project"). SDCOE has been working with the staff of the Redevelopment Agency (the "Agency") in order to mitigate impacts which are anticipated to occur as a result of the Project. SDCOE is hopeful an acceptable agreement can be reached and ultimately approved by SDCOE and the Agency. However, until an agreement is approved, SDCOE must object to approval of the Project. Accordingly, we have identified concerns which need to be addressed by the Agency prior to approval of the Project.

Specifically, SDCOE challenges the Agency's methods with regard to the identification of impacts. SDCOE objects to the Agency's attempt to consider redevelopment projects from other communities in California as a means of measuring impacts from the Project. During SDCOE's participation in the fiscal review process it was repeatedly pointed out by members of the Project Area Committee, as well as representatives of the redevelopment agency and their special legal counsel, that the project for City Heights is uncharacteristically "unique." [See Final Report of Fiscal Review Committee]. However, no specific justification for

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BOWIE, ARNESON, KADI, WILES & GIANNONE

City of San Diego and the  
Redevelopment Agency of the City of San Diego  
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the use of impact analyses of other redevelopment proposals by analogy to the Project has been advanced. Nowhere in the record is it suggested that other communities have similar or analogous characteristics to City Heights and/or the County of San Diego. It would be incongruous to suggest the existence of an analogous redevelopment project to City Heights, particularly in view of the supposed "uniqueness" of the Project.

SDCOE further objects to the Project's environmental documentation's omission of any measure of secondary employment data from its impact analysis, especially when such an omission is without any supporting data or reasoning, and is inconsistent with the practices of the local planning agency (SANDAG).

There is no evidence or supporting data in the record to support the notion that existing residents who are currently unemployed or underemployed possess the necessary skills or entrepreneurial expertise to be employed by the projects and programs to be created under the Redevelopment Plan for City Heights. Therefore, there is no evidence before the Agency to support the conclusion in the final EIR that a 10% decrease in in-migration of new employees would result.

It is admitted by the Agency in its environmental documentation that the proposed Project is designed to stimulate employment opportunities and population increases. [See e.g. DEIR, Table 4, Statistical Abstract]. There is no evidence in the record to refute the impacts anticipated by SDCOE or support the conclusions of the Redevelopment Agency that population-related impacts on SDCOE will not occur. Impacts on schools, including SDCOE, remain unmitigated.

SDCOE has serious concerns regarding the approval of the Project for which programs of development are at an exceedingly preliminary stage. The extraordinary power of the Redevelopment should only be used after affected taxing entities have had an

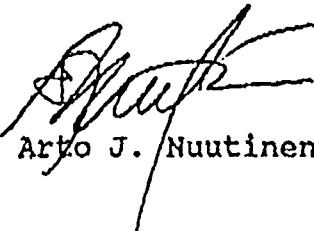
BOWIE, ARNESON, KADI, WILES & GIANNONE

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opportunity to properly evaluate a project whose scope is at least clear and finite enough to lend itself to proper analysis. Despite the impediments created by the amorphousness of the Project against such a thorough analysis, enough information is available to the affected taxing entities and the fiscal review committee to support a finding of financial burden and detriment. This is supported by the fiscal review committee's final report, which concludes that the costs to SDCOE of providing additional services to new residents attracted to the Project as a result of its implementation is \$9.97 million, represented in 1992 dollars. Such data regarding significant burden and detriment would preclude the City and the Redevelopment Agency from making a finding of no financial burden or detriment on a taxing entity, which finding is a requirement prior to the adoption or approval of the ordinance implementing the Redevelopment Project see Health and Safety Code Section 33367. To approve the Project at this stage of the proceedings despite the incomplete analysis of impacts, let alone failing to mitigate identifiable impacts, violates the requirements of the Community Redevelopment Law and CEQA.

Very truly yours,

BOWIE, ARNESON, KADI,  
WILES & GIANNONE

By   
Arto J. Nuutinen

AJN/jj  
cc: Mr. Tom Robinson  
Ms. Wendy Wiles

R-279879



# SAN DIEGO COUNTY OFFICE OF EDUCATION

6401 LINDA VISTA ROAD SAN DIEGO, CALIFORNIA 92111-7399 (619) 292-3500

Board of Education

Martin Block

Bill Hampton

Ann Navarra

Jack Port

Joe Rindone

Superintendent  
of Schools

Harry C. Weinberg

April 20, 1992

RECEIVED

APR 21 1992

ECO. DEV. / PROP. DEPT

Mr. Jim LoBue  
Project Administrator  
City of San Diego Redevelopment Agency  
1200 Third Avenue, Suite 1700  
San Diego, Ca 92101

RE: City Heights Redevelopment Project

Dear Jim:

Attached are additional comments for the record, prior to the City of San Diego Public Hearing, regarding the Agency's analysis of impacts on the County Office of Education.

Sincerely,

Thomas E. Robinson  
Director, Facility Planning

R- 279879

2100 E. Katella Avenue  
Suite 195  
Anaheim, California 92806

## MEMORANDUM

Date: April 20, 1992

To: Mr. Tom Robinson, Chair  
City Heights Fiscal Review Committee

From: Dante Gumucio<sup>JK</sup>  
Barnett Silver<sup>BS</sup>

Subject: Rejoinder to Agency Analysis of COE/CCD School Impact Analysis for City Heights Redevelopment Project

In its report ("Report") dated March 16, 1992, the Redevelopment Agency of the City of San Diego ("Agency") presents an evaluation of the fiscal impact analyses of the City Heights Redevelopment Project ("Project"), which were prepared for the San Diego City Unified School District ("USD"), San Diego County Office of Education ("COE"), and San Diego Community College District ("CCD")—collectively, "Districts". In particular, the Agency evaluates the School Impact Analysis prepared by David Taussig and Associates, Inc. ("DTA Analysis") for the COE and CCD—the same analysis contained in the report of the City Heights Fiscal Review Committee ("FRC") submitted previously to the Agency. Following is a rejoinder by Public Economics, Inc. ("PEI") to the Agency's Report, prepared on behalf of COE and CCD.

- On page 1 of its Report, the Agency states that "any decline in property taxes would be compensated by State contributions until a district has achieved basic aid status. For this reason, the statement of operating impacts implied by the present [DTA] model potentially overestimates actual detriment to the school districts." This statement is incorrect.

In fact, "the present" DTA model only assumes operating impacts for programs that are not fully reimbursed by State contributions for the loss of property tax revenue (see DTA Analysis, pp. 2-3 and 18-19). In addition, the DTA Analysis recognizes the difference in operating impacts to projected basic aid (COE) and non-basic aid districts (CCD), and estimates such impacts differently.

- On page 3 of its Report, the Agency states that with redevelopment population per household will be 2.9 persons, and without redevelopment population per household will be 3.25 because of continued overcrowding. Why then does the

April 20, 1992  
Mr. Tom Robinson  
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Agency believe that with no redevelopment, residential vacancy will increase to 7.5 percent? DTA assumes 2.77 persons per household, based on 1991 data from the State Department of Finance, which actually results in lower impacts than assumed by the Agency

- On page 3 of its Report, the Agency assumes 1.73 workers per household based on the 1980 Census, which results in lower school impacts than shown in the DTA Analysis. However, the DTA Analysis shows a range of 1.44 to 1.64 workers per household, based on more recent data than employed by the Agency, including 1991 data from the State Department of Finance and Employment Development Department, and a 1988 survey by the Building Industry Research Council.
- On page 4 of its Report, the Agency fails to acknowledge the impact of multiplier effects. The Agency incorrectly asserts that "SANDAG regional employment multipliers are not appropriate on a subregional level." In fact, regional multipliers are appropriate (i) for regional service providers like COE, and (ii) for subregional service providers like CCD if adjustments are made to the multipliers, as was done in the DTA Analysis. In addition, while "commercial retail or service" jobs have smaller employment multipliers than basic industry jobs, they still have significant multiplier effects—effects which the Agency Report ignores.
- On page 6 of its Report, the Agency assumes a student generation rate for the CCD of 39.91 students per household, compared to 76.5 in the DTA Analysis. Any implication that DTA's SGR is somehow overstated is incorrect. In fact, the DTA figure is based on total enrollment, which DTA subsequently adjusts for full-time equivalency ("FTE"). The Agency SGR already includes what is essentially the same FTE adjustment.
- On page 8 of its Report, the Agency suggests that equivalent capital costs should be significantly different for leased facilities than for owner occupied facilities. In fact, competitive market forces ensure that any such differences are transitory; otherwise tenants would choose only leased or owner-occupied space, whichever is cheapest.
- Further, the Agency estimates equivalent capital costs for all COE programs at \$100 per square foot ("SF"), compared with COE estimates which range from \$100 to \$135 per SF. The Agency's cost estimate uses an assumed lease rate of \$1.00 per SF per month and a capitalization (discount) rate of 10 percent. A

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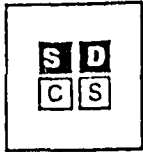
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Page 3

more accurate reflection of actual COE costs for those facilities which are in fact leased ranges from \$1.00 to \$1.50 per SF per month, with capitalization rates of 9 to 11 percent.

- On page 9 of its report, the Agency states that since "lease costs are presumed to be included in COE's current operating budget," the DTA Analysis double counts facilities impacts for leased facilities. This is incorrect.

The State of California recognizes the additional need for capital funding of schools, and encourages school districts (like COE and CCD) to seek local funds and fully use local funding authority, including mitigation agreements with redevelopment agencies. To the extent that operating revenues must be used for capital funding, this represents a reduction in the desired level of service for COE and CCD students, and indicates a lack of adequate capital revenues.

- Under its No Project Alternative, the Agency indicates that 55 percent of net new commercial development and 58 percent of net new residential development identified in the draft Environmental Impact Report will occur even without redevelopment. However, the Agency provides no basis for this claim, nor has the Agency responded to requests by COE and CCD for documentation to support the claim.



SAN DIEGO UNIFIED SCHOOL DISTRICT  
Office of General Counsel

#601  
4/21/92

EDUCATION CENTER • 4100 Normal Street, San Diego, CA 92103-2682 • (619) 293-8450  
Fax (619) 293-8267

CHRISTINA L. DYER  
General Counsel

JOSE A. GONZALES  
Assistant General Counsel

MELANIE PETERSEN  
Deputy General Counsel

*Dist in  
Chambers  
10:00 AM  
m*

April 21, 1992

Members of the San Diego City Council/Redevelopment Agency  
and Mayor Maureen O'Connor  
Attention: City Clerk  
City Administration Building  
202 "C" Street  
San Diego, CA 92101

Re: City Heights Redevelopment Plan

This letter is submitted in support of the request by the San Diego Unified School District ("District") that the Redevelopment Agency ("Agency") mitigate and alleviate the financial burden and detriment caused to the District by the City Heights Redevelopment Project ("Project").

Agency and District have held negotiations toward that end and have tentatively reached agreement on terms that will achieve that goal. Since that agreement is not yet final, it is necessary that the District in the interim submit this statement for inclusion in the record of these proceedings.

The Project, when completed, will result in new residential and commercial development. It cannot be denied that such development will burden the District with demands for greater services. The Legislature created a presumption that new development imposes a burden on school districts when it enacted the school impact fee statutes.

The District's consultant study, which is included in the Fiscal Review Committee Report, articulates the nexus between new Project residential and commercial development, the need for additional school facilities and services, and the cost of those additional school facilities and services.

The Agency's analysis of the District study fails to factor inflation into the cost of facilities over the life of the Project. The Agency analysis fails to consider the cost of rehabilitating school facilities over the life of the Project to continue servicing Project Area pupils. Furthermore, the Agency significantly underestimates the District's share of the tax increment if no redevelopment were to occur. The District's tax increment projection under a no redevelopment scenario is 400 million, while the Agency's projection is approximately 215 million.

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Members of the San Diego City Council/  
Redevelopment Agency and  
Mayor Maureen O'Connor

- 2 -

April 21, 1992 ..

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The Project Environmental Impact Report (EIR) also contains shortcomings. The EIR does not analyze: (1) the number of pupils to be generated by commercial development and the cost of school facilities for them; (2) the number of students to be generated by residential development and the cost of school facilities for them; (3) the impact of all students from existing housing over the life of the Project; and (4) the amount of developer school fees to be levied over the life of the Project and whether such fees will pay for school facilities for Project-generated pupils.

The foregoing information is submitted to assist the City Council/Redevelopment Agency in making a decision as to the approval of the City Heights Redevelopment Plan and certification of the Project EIR.

Thank you for your attention to this matter.

Sincerely,

CHRISTINA L. DYER  
General Counsel



JOSE A. GONZALES  
Assistant General Counsel

JAG:bk  
R City Heights/City Council

PUBLIC TESTIMONY AT THE APRIL 21, 1992  
CITY COUNCIL/REDEVELOPMENT AGENCY PUBLIC HEARING  
ON THE CITY HEIGHTS REDEVELOPMENT PLAN

Item 601 was a joint public hearing on the proposed City Heights Redevelopment Plan. Staff present were Keith Scott, Jim LoBue and Ples Felix from the Economic Development Division. The following are the public's comments to the proposed redevelopment project:

DR. WALTER J. PORTER:

Hello, my name is Walter J. Porter, I live at 6066 College Avenue in Del Cerro. Professionally I am a dean at continuing education center in the area that we are discussing, and we are in favor of the redevelopment because we are woefully lacking in the facility now and we see this as an opportunity to achieve the type of facilities that we need, so we are in favor of it.

ARLENE SMITH:

Arlene Smith, I live at 2333 55th San Diego, 92105. I am the president of the Mid-City, Continuing Education Center, Community Advisory Council. We want people to be educated to made the community strong and we think if we can get a new center it can make a big difference to spur growth in the community.

DAVID NELSON:

I am the chair of the PAC 3606 51st Street. I am a resident of City Heights for the last 11 years. and for the last 11 years I have been watching it deteriorate. I have heard the criticism of redevelopment but no alternatives. The PAC was created to represent the community and we are in favor of redevelopment. I am sure some people think redevelopment is tied in with Visions. If Council decides to do Visions, redevelopment is a legitimate project for redevelopment to pay for. There is no other way we are tied in that I can see. I am hoping that the Council will move to approve this.

ROMEAS OSONAS:

I have lived in San Diego since 1972, my two children were born and raised here and still reside here. In regard to the City Heights Redevelopment Plan, I believe this will deter crime, car theft and burglary and help to improve the prevalent litter condition in this particular area.

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JOHN STUMP:

I work and reside in the City Heights area and am a member of the City Heights PAC. I support the adopted plan and urge you to do so. I'd like to call your attention to the EIR contained in volume II under tab XII as well as two specific letters in response to the EIR. The first letter is number 27, a letter from Caltrans which concerns an apparent breach on the part of Caltrans. The second letter I'd like to bring your attention to is 9 which calls for a supplemental EIR for the I-15 area.

VALLERIE HOFMAN:

I live at 4080 Orange Avenue and am a member of the PAC. I am for redevelopment, but I am not for private purpose eminent domain. I believe the amendment Mr. Hartley proposed does not give us protection, because all you have to do is change the zoning to commercial. I live in multi-family zoning. I believe there should be no public eminent domain at all as do the 250 residents who have signed this petition in the last week. I believe we need to spell out exactly how public eminent domain can be used and there should be absolutely no private use eminent domain.

JOSE GONZALEZ:

I work at 4100 Normal Street. I represent the San Diego Unified School District and am one of the taxing entities located in the area. The District and the Agency have arrived at a tentative agreement for the sharing of Project Area tax increment. Since that agreement has not yet been finalized, it is necessary as a procedural matter that we submit our written objections to various issues raised in the Plan. The agreement is going to be finalized in the future and the process we are going through is formality.

JAY POWELL:

I represent the Visions Project steering committee. I have passed out one document which is an excerpt from the Planning Commission consideration of the Redevelopment Plan and the other a copy of the letter submitted by the Visions Project regarding redevelopment. We consider the Visions Project to be the catalyst and we are pleased to share the comments of the Planning Commission with you that recognize that and also the importance of treating this freeway that is slashing through the middle of City Heights and the impact it will have on redevelopment. I'd like to share one comment from commissioner Calkias who wants to be sure that your staff transmits to you the concerns of the environmental impact and improperly treating the freeway as it goes through this community. If it just becomes a toxic waste producer there's no redevelopment plan that is ever going to succeed. I urge that timing and funding be expedited to get the environmental work done so it can be brought to the attention of the appropriate State and Federal agencies so they pay for what effects they are causing. I think this Council has taken that type of position on the clean water program. I think it's a legitimate position and, as we have requested previously, we want

to move forward. We don't want to delay and want to see the Visions Project properly evaluated and this facility properly provided to the community. Aware that in the 2000 acre area there are about 20 vacant acres. People are concerned about eminent domain. Caltrans has cleared a site for a 160,000 sq. ft. of commercial and retail space, for public facilities and park and recreation space. You need to take the steps to take advantage of that opportunity.

MARY O'BRIEN:

I'd like to thank Mr. McGrory for moving to a continuance on Visions. My concern today with regard to City Heights Redevelopment is that, as an advocate of health care and a registered nurse, I do not speak for any organization, but am trying to form a coalition of health care providers to address the issue on page 96 of the original February 26, 1991 EIR. We need to prioritize where we are spending our money, putting it back into education and services because we have been victimized by Reaganomics.

MR. PEREZ:

I would like to know what is going to happen to 40th Street.

Those in opposition:

MASHE AZONA:

I am opposed to this project because I own my house and I am afraid to give my property to some agency to decide that they need it for some other project and throw me out. I have been here since 1971 and I want to leave my property to my son, especially the one that is handicapped. I want my property to remain a residential area and my neighbors and I are afraid that our property will be condemned.

TOM ROBINSON:

I represent the County Office of Education at 6401 Linda Vista Rd. We find ourselves being in support of redevelopment but having to speak against your action on the Redevelopment Plan at this time. Our concern is that the impact has not been mitigated by way of an agreement. We think we're close, but not close enough. We have a board policy that is very supportive of redevelopment. We have seven agreements in place, five with the cities, two with the County. We are a regional provider of services and that's one area the agreement does not show recognition of. We need to be able to use the tax increment coming to us to finance projects by way of bonding and certain provisions in the agreement would preclude us from doing so. A new concern is the amendments that have been proposed that change the tax increment projection. We look forward to reaching

an agreement with the City.

PAT SEXTON:

I am a home owner/resident at 4327 Highland Avenue. I am here today as a representative of the Talmadge neighborhood which has been separated by the meandering boundary lines of the City Heights Redevelopment Plan. This area is encroaching into the planning areas of Kensington, Talmadge and Normal Heights. My neighbors are adamantly opposed to the private purpose use of eminent domain. We need to be able to stabilize our neighborhoods after working so hard to down-zone this area. Eminent domain for private purposes creates instability and insecurity. Why buy, maintain or upgrade when our property can be taken away for private purposes in the name of redevelopment. What we want is either out of the redevelopment area or to remove all areas except those properties fronting El Cajon Boulevard.

HAZEL DENNY:

I live in City Heights. I am a senior citizen and am handicapped and I have lived in San Diego 48 years. I am against the City Heights Redevelopment Plan. I feel like land grabbers are trying to take over City Heights. This is an unfair legislation that the City is imposing on us.

JOHN SWIFT:

I live at 4393 Wilson. I am a new home owner and my major concern is the eminent domain. I would like to see some guarantees that the entire areas aren't declared blighted because of a few. I think we are in agreement that we need to do something to increase the amount of home ownership in the area, but not at the home owners expense.

JOHN TERRYGALENDO

I agree with the opposition that has been voiced today. It's not fair to put the whole area as a whole under eminent domain because of a few blighted areas. The amendment did change what I had to say to a certain extent, but I do not believe the amendment addresses all the concerns. At meetings we have graphics and a large wish list but these things are not the same when you get down to it. Also the private consultant groups that the City hired, who drew the boundaries included our street and the residents only had couple of weeks to respond. We need to scale down the size of this project.

THOMAS SMITH:

Good morning, my name is Thomas Smith. I live on Bell Isle Drive and I represent the neighborhood of Islenair. My most basic concern was for the private property eminent domain. The amendment did change what I had to say to

a certain extent, but I do not believe that the amendment as it stands addresses all the concerns. We talked earlier about common sense, but that doesn't always equate with how the City awards projects. We have to really tighten this up and define exactly what you mean by this amendment. There are so many - so much wiggle room here where anything might be able to happen. In addition to that the process that was used to develop this plan, the board and the CDC said that there was extensive coverage of this. Well, that's not exactly quite true. It sounds good on paper but that's not exactly what happens here. These meetings, are controlled by the CDC. The CDC board nominates its members to a large extent. When this is presented we have nice displays and nice graphics shown, we have a large wish list of things that are going to be given to this community. And who isn't going to be for that? But we don't discuss the down side of that, and so what happens there is that everybody says sure that sounds great but how do we on the other hand implement these things?

The Third concern I had was the private consulting groups that the City hired and drew the boundaries for the new City Heights boundaries. Well, the residents of these areas had only a couple of weeks to respond to these arbitrarily drawn boundaries. Somebody there has worked in the City Heights Redevelopment area previous to that re-drawing. So we just had two weeks to respond to that. There has been a lot of money spent on consultant's displays, elaborate projects that we are going to get. It seems to me that the City doesn't have the financial capabilities to either carry out these projects or maintain them after they would build them, so it seems to me that we have to now get on with the business that we have here now go on a much smaller level than we're doing at the present time. Build the freeway, complete the freeway, at a minimum have it downsized as much as possible for single family neighborhoods and restore a revitalized neighborhood. Thank you.

KAREN MANLEY:

The City Heights Redevelopment Plan is brought to you by the same people who brought you the Visions Project. I am opposed to the Visions Project which takes up 65% of the Redevelopment Plan. I've been to the PAC meetings and if they had listened to the community input, we would not be here today. As far as eminent domain, Mr. Bliesner has stated over and over again right here in this Council Chambers that if you don't have the Visions Project that our homes will be taken for the Redevelopment Project. I am against the government eminent domain power to displace current residents and property owners, especially for a special interest -- say Burger King. Members of the Project Area Committee voted to postpone the March election with strong objections from the community. Because of the public objections, it was stipulated that there will be no more meetings of the PAC until after the July elections. Enclosed is a notice announcing a special meeting. Now at a special meeting of the PAC in August of 1991, the PAC voted for blanket use of eminent domain against the strong objection of the community. All property owners were not notified of this meeting. I personally delivered four hundred flyers and made phone calls to area property owners. I strongly object to the PAC board members who use their power improperly to avoid a timely election which the public has demanded. And this is my written objections to the Redevelopment Plan. Could I please submit it?



DOROTHY ROSS:

I am Dorothy Ross, I live at 9753 Lake View Road, Lakeside. And I am happy to address Mayor O'Connor and City Council members. Despite what you said, I only had two and a half weeks notice about this redevelopment corporation. I have attended many meetings down here which were down zonings and I have attended Lakeside meetings that were up-zonings. I wondered why you were doing both of those things -- dumping things into Lakeside big barracks that were unrentable for long periods of time constantly changing ownership. Across the street from Better Homes and Gardens - best gardening in the United States. Coming here, downzoning where you had freeways to downtown and places of employment and hospitals and other things. I didn't know until I read what was happening in Hollywood that downzoning is the first step for confiscation. This is my second experience with eminent domain. My husband and I, when he was alive, owned a lot in La Mesa and it was finally taken after a period of indecision of eight years where we couldn't build by the Highway 94 freeway. I can see that, but in following the implications and the vagaries of that takeover I had occasion because of some bad bulldozing on our property on that lot, to go down to the law library to spend hours to look up case law and I found this. Private property - you do not have the right of private property - you have the right in private property. It is inextricably interwoven with it to the point where it is like this and you can't separate it. So when you own something its yours and eminent domain is used by government, in cases where its for the good of everyone where you do sacrifice as an individual like with Freeway 94. I've owned a duplex. I spent a long time saving for my property. I spent twenty two hundred dollars and weeks making it better after my last tenant did it and I'm entitled to some time.

LINCOLN PICCARD

Yes. My name is Lincoln Piccard, 802-A Hollister Street, Palm City. Property owner in City Heights. We have been following this issue for quite awhile. I second Karen Manley - she's been working on this project real hard. We're real concerned about eminent domain. As you probably heard, there was five hundred other people that came out Tuesday night after they sent out the certified letters. We're also a little concerned on the Visions project. The fact that its going to gobble up most of the redevelopment money and be spent on this Visions project instead of being put back into the community where its really needed. There are a lot of problems, crime problems, there's houses that need to be refurbished, there is a possibility of first time home buyers and their using redevelopment money. There is a lot of street lighting, there's a lot of things that need to be done in that community to make it a better place to live. Thank you very much.

Thank you. That concludes public testimony.

Responses to Comments on the City Heights Redevelopment Plan  
Given at the April 21, 1992 Joint Public Hearing

DR. WALTER J. PORTER

Comments noted. A new continuing education center is one of the proposed redevelopment projects.

ARLENE SMITH

Comments noted. See above.

DAVID NELSON

Comments noted. Approval or disapproval of the Visions Project will be made by the City Council and other public bodies separately from the Council's decision on the Redevelopment Plan. Adoption of the Redevelopment Plan would give the authorization for the Redevelopment Agency to assist the planning and financing of the Visions Project, if it were approved, but would not in and of itself approve the Visions Project or any other specific projects.

ROMEAS OSONAS

Comments noted. The Redevelopment Plan's Goals, Objectives and proposed projects list support increased community security and beautification.

JOHN W. STUMP

Comments noted.. Removal of trucks on Route 15 is recommended by the Final EIR. Subsequent project-specific environmental review if the freeway project design is significantly altered.

VALERIE HOFFMAN

As a result of Council direction at the April 21, 1992 public hearing, the recommended authorization for eminent domain would be restricted on all parcels with exclusive residential uses and not fronting on major commercially zoned streets to dealing with chronic code violations, chronic crime or preservation of significant historic or cultural resources.

JOSE GONZALEZ

Comments noted. An agreement has been approved by the Unified

School District Board and will be considered by the Redevelopment Agency on April 28, 1992. See separate responses to Gonzalez' letter.

JAY POWELL

The Redevelopment Plan, if approved, could provide financial and planning assistance to a redesigned Route 15 Freeway and economic development project. However, the decision on approval of the Visions Project is separate from the decision on the Redevelopment Plan.

MARY O'BRIEN

The proposed redevelopment projects list and goals and objectives support numerous projects and programs to improve educational, health care and social service opportunities within the Project Area.

MR. PEREZ

The City Council is scheduled to decide on the proposed Visions Project on April 27, 1992. If Council approves implementation of a the Visions Project, the project will require further environmental review and approval from Caltrans, the California Transportation Commission, SANDAG and the Federal Highway Administration before it could be implemented. With Council approval of the Visions Project, these other approvals and the beginning of a new EIR/EIS would be pursued within the next 6 months to a year.

MASHE AZONA

As a result of Council direction at the April 21 hearing, the new recommended eminent domain authorization in the Redevelopment Plan would restrict the use of eminent domain on property in exclusive residential use and not fronting on major commercial streets to relieve conditions of chronic code violations or crime or to preserve a significant historic or cultural resource.

TOM ROBINSON

The Agency has proposed an agreement with the COE to mitigate fiscal impacts of the Redevelopment Project to a level of insignificance. This agreement is scheduled to be considered by the Redevelopment Agency on April 28, 1992. The proposed agreement recognizes that the COE is a regional provider of services. Both the Agency's and COE's analysis of potential fiscal impact of the Redevelopment Project conclude that the

majority of the potential impacts from the Redevelopment Project are related to demands from residents of the Project Area. The proposed agreement provides for the majority of the Agency payments to the COE to be available for the COE's discretionary use. A minority portion of the payments would be tied to specifically assist facilities and programs to primarily serve residents of the Project Area. Such a commitment to the Project Area is considered the minimum commitment necessary to actually mitigate impacts of the Redevelopment Project. The proposed agreement would not preclude the COE from issuing bonds which are serviced, in whole or part, from the Agency payments. The proposed eminent domain authorization amendments to the Plan are not inconsistent with the already proposed redevelopment projects list and the financial projections for the Redevelopment Project. The Agency also looks forward to reaching an agreement with the COE.

PAT SEXTON

The Redevelopment Project Area boundaries are not selected based on neighborhood or community planning area boundaries. These boundaries remain in place despite the placement of Project Area boundaries. The Redevelopment Project would provide opportunities to improve the areas within its boundaries, both through public facilities and programs and through financial assistance programs to private property owners, regardless of what neighborhood or community planning area the properties are located in. As a result of Council direction at the April 21, 1992 hearing, the recommended Plan authorization for eminent domain has been restricted for properties in exclusive residential use and not fronting on primary commercial streets to removing conditions of chronic code violations or crime or to preserving significant historic or cultural resources.

HAZEL DENNY

Comments noted. The primary focuses of the proposed Redevelopment Plan are increased and improved public facilities and programs and provision of financial assistance for private property owners to improve their own property.

JOHN SWIFT

As a result of Council direction at the April 21 hearing, the recommended Plan authorization for eminent domain has been restricted for properties in exclusive residential use and not fronting on primary commercial streets to removing conditions of chronic code violations or crime or to preserving significant historic or cultural resources. The designation of an overall area as a redevelopment project area does not signify that all parcels in the area are blighted.

JOHN TERRY GALENDO

As a result of Council direction at the April 21 hearing, eminent domain authorization in the proposed Plan has been restricted. All residents and property owners were notified of the proposed redevelopment project and the upcoming Project Area Committee elections in March, 1990. All persons who attended the election or other meetings and signed in, or otherwise requested to be included on the mailing list, have been invited to numerous public meetings and workshops over the past more than two years. The boundaries of the proposed Project Area have been prepared based on determination of need for the financial and other community revitalization tools of redevelopment.

THOMAS SMITH

Specific recommended eminent domain authorization language for the Redevelopment Plan is being presented to the City Council for the April 28th meeting. The CDC does not control Redevelopment Agency or Project Area Committee meetings. The PAC agendas are prepared by Redevelopment Agency staff working in conjunction with the PAC chair. Materials for discussion at the PAC meetings are prepared and presented by Redevelopment Agency staff, who are in no way under the direction of the CDC. The boundaries of the Project Area were drawn in 1990. All residents and property owners of the Project Area were notified of the proposed redevelopment project and the upcoming PAC election in March, 1990. All who have signed up at meetings, workshops or elections, or have otherwise requested, have been placed on the mailing list and have been notified of numerous meetings over the past more than two years. The Agency has done extensive financial analysis prior to concluding the financial feasibility of the proposed Redevelopment Project. Refer to Agency Report to Council Section V for a detailed description of the financial analysis.

KAREN MANLEY

The Visions Project proposal was prepared for the City Heights Community Development Corporation by private consultants. The Redevelopment Plan was prepared by Redevelopment Agency staff and consultants working in conjunction with the Project Area Committee. The two proposals are independent of each other. The Visions Project, if funded at the PAC's recommended \$50 million with redevelopment tax increment funds, would use approximately 9% of the current value of the total projected amount of tax increment funds to be allocated to the Redevelopment Project. Mr. Bliesner does not speak for the Redevelopment Agency.

No projects to develop a Burger King or any similar enterprise are proposed as part of the Redevelopment Project.

Because of the potential City Council/Redevelopment Agency amendment of the Redevelopment Plan's eminent domain authorization, a special meeting of the PAC was scheduled for April 23, 1992. State Redevelopment Law states that the primary function of the PAC is to advise the City and Agency on issues affecting low and moderated income residents of the Project Area. Eminent domain is clearly such an issue. The meeting was called to give the PAC the opportunity to consider this important issue. However, the PAC decided not to meet after listening to community concerns regarding their meeting. Approximately four hundred persons are on the PAC's regular meeting mailing list, including many property owners. These list includes all people who have signed in at any Agency or PAC meeting on the City Heights Redevelopment Plan or who have otherwise requested being placed on the list. Redevelopment Law does not require mailed notification to all property owners of PAC meetings and the cost of such mailings is prohibitive. All 8,000+ property owners were notified of the proposed redevelopment project and the upcoming PAC election in March, 1990 and were also notified, by certified mail, in March, 1992, of the April 21 joint public hearing.

DOROTHY ROSS

All property owners were notified of the proposed Redevelopment Project and the upcoming PAC election in March, 1990. All interested parties who have signed in at meetings or have made a separate request have been placed on the mailing list and have been notified of numerous meetings on the Redevelopment Plan. The City Heights Redevelopment Plan has no relationship to Lakeside zoning or the Route 94 freeway project. No zoning changes are proposed in conjunction with the Redevelopment Project. As a result of Council direction at the April 21, 1992 hearing, the proposed eminent domain authorization in the Redevelopment Plan has been restricted.

LINCOLN PICKARD

As a result of Council direction at the April 21 hearing, the proposed eminent domain authorization in the Redevelopment plan has been restricted. Approval of the Redevelopment Plan does not approve the Visions Project. Approximately 9% of the total projected redevelopment tax increment funds would be allocated to the Visions Project if the PAC's financing recommendation is carried out (\$50 million for Visions out of the projected \$550 million current value tax increment funds). The proposed redevelopment projects list includes all of the alternative projects and programs mentioned.

116010

Passed and adopted by the Council of The City of San Diego on APR 28 1992  
by the following vote:

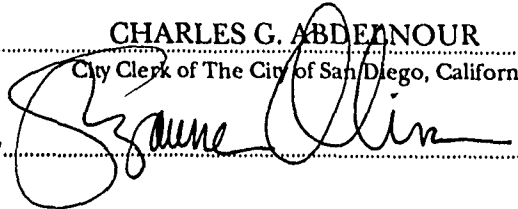
Council Members	Yeas	Nays	Not Present	Ineligible
Abbe Wolfsheimer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ron Roberts	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Hartley	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
George Stevens	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tom Behr	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Valerie Stallings	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Judy McCarty	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Filner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor Maureen O'Connor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

(Seal)

MAUREEN O'CONNOR  
Mayor of The City of San Diego, California.

CHARLES G. ABDEINOUR  
City Clerk of The City of San Diego, California.

By  Deputy.

Office of the City Clerk, San Diego, California

Resolution **R-279879**      APR 28 1992  
 Number ..... Adopted .....

92 APR 24 PM 4:40  
CITY CLERK'S OFFICE  
SAN DIEGO, CA

ENCLOSURE