(R-92-1454)

RESOLUTION NUMBER R-279881

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 MERGER AND EXPANSION AMENDMENTS TO THE REDEVELOPMENT PLANS FOR THE COLUMBIA, MARINA AND GASLAMP QUARTER REDEVELOPMENT PROJECTS, AS INCORPORATED IN THE PROPOSED REDEVELOPMENT PLAN FOR THE CENTRE CITY 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 merger and expansion amendments to the redevelopment plans for the Columbia, Marina and Gaslamp Quarter Redevelopment Projects, as incorporated in the proposed redevelopment plan for the Centre City 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 amended redevelopment plan; and

WHEREAS, any and all persons and organizations having any objections to the proposed amended redevelopment plan or who deny the existence of blight in the expanded 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 any cause why the proposed merger and expansion amendments, as incorporated in the proposed redevelopment plan for the Centre City 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 merger and expansion amendments, as incorporated in the proposed amended redevelopment plan, including among other things the report of the Agency to the Council on the proposed Centre City Redevelopment Project and the report and recommendations of the Centre City 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 this 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 merger and expansion amendments to the redevelopment plans for the Columbia, Marina and Gaslamp Quarter Redevelopment Projects, as incorporated in the proposed redevelopment plan for the Centre City Redevelopment Project.

APPROVED: JOHN W. WITT, City Attorney

By ______________________
Allisyn L. Thomas
Deputy City Attorney

ALT:pev
04/01/92
Or.Dept:CCDC
R-92-1454

Attachment A

RESPONSE TO OBJECTIONS

The following is in response to a letter dated April 20, 1992 from the San Diego County Office of Education (COE) referring to additional comments from a letter dated April 20, 1992 from Dante Gumucio and Barnett Silver (Public Economics, Inc. or PEI) to Mr. Tom Robinson, regarding the Agency analysis of the COE and the Community College District (CCD) School Impact Analysis.

(1) PEI disputes CCDC'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 27, 1992, consider the impact of State funding sources to both the COE and the CCD. The final DTA report defines "unfunded operating impacts" as consisting of "a tax revenue component and a component from other revenue sources." Once the COE achieves basic aid status, i.e., local property tax revenues meet or exceed the State-defined revenue limit, the report states that operating impacts will equal "the revenues which must be supplied by sources other than tax revenues for all students generated by the Project (the other revenue sources component); plus foregone tax increment revenues for students generated by housing units <u>within</u> the Project through its remaining 28 years (the tax revenue component)." KMA has three specific objections to this definition:

(a) No supporting data is presented for the projection that the COE will achieve basic aid status in 1997-1998. Earlier versions of the DTA analysis, contained in Appendix D of the Final Report of the Fiscal Review Committee, show the COE achieving basic aid status variously in 1996-1997 and 2006-2007.

(b) DTA calculates "foregone tax increment revenues" from housing units 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.

(c) Insufficient supporting data is presented for program operating costs. Table 6.A-2 of the DTA report lists six aggregated budget categories and 1990-1991 budget expenditures for each. This analysis does not consider operating costs for individual programs and their level

R-279881

of usage within the San Diego Unified School District (USD).

Moreover, it should be noted that earlier versions of the DTA report did indeed overlook actual operating costs for COE and CCD programs that would be impacted by the Project. The initial analyses instead addressed only "foregone tax revenues."

(2) PEI cites a different figure for employed workers per household than that used by CCDC. CCDC 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 CCDC 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.

(3) 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. CCDC thoroughly researched and evaluated this issue during Fiscal Review, and both CCDC and KMA made numerous observations during Fiscal Review regarding the appropriateness and reliability of analyses of indirect impacts. Moreover, CCDC 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

R-279881

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 inputed 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 rate 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.

(4) PEI disputes CCDC's estimated Student Generation Rates (SGRs) for the Project. CCDC assumed 0.0185 students per household in market-rate units and 0.2330 students per household in low- and moderate-income units. The DTA analysis uses an SGR of 0.4223 students per household.

Clearly, a highly urban city center like downtown San Diego typically does not attract many households with children, particularly households with school-aged children. In order to test this hypothesis, CCDC engaged CIC Research Inc. to conduct a detailed survey of downtown residents in February 1992. The complete survey questionnaire, sample of respondents, and summary of responses are contained in the Agency's Report to Council. In summary, CIC interviewed 270 households in market-rate and mixed market-rate/below-market-rate multi-family rental and condominium complexes in the Marina District, Cortez Hill, and Centre City East. It was felt that this distribution of housing product and household types presented a fair reflection of the types of housing product and households that can be anticipated in the future. The survey of 270 households yielded a total of five public school children, or a ratio of 0.0185. CCDC and KMA acknowledged that the sample contained only a small proportion of below-market-rate units, and that this housing type may constitute up to 20% of proposed housing units under the Redevelopment Plan for the Project. According to USD and its consultant, Recht Hausrath & Associates (RHA), the average multi-family unit in the City of San Diego contains 0.2330 public school children. This figure was

R-279881

therefore used to estimate public school children in below-market-rate units in the Project.

Note also that the DTA model calculates 0.4233 school children per household, based on the SGR for the County of San Diego as a whole. Such a figure is not appropriate for the City of San Diego, much less the downtown area.

The statement that the Agency and its consultant(s) have failed to provide specific information on the CIC Research survey and findings is not true. PEI representatives called KMA to request such documentation, and KMA promptly responded to PEI that all necessary supporting data were already included in the Agency's Report to Council.

(5) PEI disputes CCDC's claim that DTA's student generation rate (SGR) for the CCD is overstated. CCDC'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. CCDC's SGR is based on 1991-1992 enrollment of 37,234 full-time equivalent students vs. an estimated district-wide 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 CCDC, 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 disagrees with CCDC'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.

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, 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) 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, CCDC'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.

(8) PEI contends that the Agency fails to provide justification or documentation to support the No Project Alternative and that the No Project Alternative is inconsistent with the draft EIR and Preliminary Report.

In response, CCDC did provide the Preliminary Report for the Centre City Redevelopment Project and the draft EIR to the Fiscal Review Committee in December 1991 and January 1992

R-279881

respectively. These documents contained the necessary information to analyze a no project alternative. CCDC provided it's own impact analysis of the No Project analysis to the Fiscal Review Committee in February 1992. This analysis included a detailed description of the development period, available land area, development assumptions, development regulations, all of which were included in the Preliminary Report and the draft EIR. Detailed assumptions used to develop land use projections for the No Project Alternative were fully explained in the fiscal impact analysis and included the effect of existing adverse conditions found within the Expansion Sub Area on future development, redevelopment activities within existing Redevelopment Projects, and regional and local historic development trends.

The following is in response to a letter dated April 20, 1992 from Bowie, Arneson, Kadi, Wiles & Giannone (BAKWG) to the City Council and the Redevelopment Agency:

(1) BAKWG contends that in the EIR and the Response to the Final Report of the Fiscal Review Committee, CCDC fails to consider the Project's potential for both sub-regional and regional growth. BAKWG claims that CCDC's contention that regional impact models cannot be used to evaluated growth-inducing impacts of sub-regional geographic areas is unfounded.

First, it should be noted that the revised fiscal impact model presented by CCDC 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 (3) 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 CCDC 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.

The EIR is consistent with the Agency's Response to the Final Report of the Fiscal Review Committee and considers the impacts of the Project on educational facilities. The EIR analyzes the impacts of new housing located within the Project Area, housing located outside of the Project Area resulting from new employment within the Project area, and is consistent with the CCDC/KMA impact assessment in that regional multiplier effects are not utilized for the reasons stated above.

(2) BAKWG states that the Project will result in a significant burden on the COE, and bases this claim on the finding of a $49.33 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: $49.34 million in Alternative 1 and $24.87 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 $119.23 million in Alternative 1 and $60.04 million in Alternative 2. The DTA report does not reach a final conclusion as to which estimate of impact is the more probable projection. This is somewhat puzzling, since the two alternative findings represent a discrepancy of over 100%.

(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 6.2.8.3 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 <u>operating</u> cost impacts over the 33-year life of the Project, projected by DTA as $73.91 million (future dollars), represent just 1.31% of anticipated total operating expenditures over the same period.

(c) Lastly, KMA and CCDC 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

R-279881

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. CCDC's own revised fiscal impact model, which is presented in detail in Section 8.4 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 33-year Project are projected to be $6.18 million (future dollars). Moreover, CCDC demonstrates in Section 8.6 of the Response that this level of impact can be considered insignificant. The total impact of $6.18 million represents just 0.11% (eleven one-hundredths of one percent) of total anticipated COE operating expenditures over the next 33 years.

(3) The letter dated April 20, 1992 from BAKWG objects to the Agency's failure to reasonably provide the "no project" alternative analysis in a timely fashion, which presumably hindered the ability of the COE and the Fiscal Review Committee to determine the totality of the financial burden and detriment to the affected taxing entities.

It should first be noted that the COE was in receipt of the Preliminary Report for the Centre City Redevelopment Project prior to December 11, 1991. The Preliminary Report is a document containing an enormous amount of detailed information regarding the assumptions that were used in establishing the projection of developments, the timing of such developments, and the projection of tax increment on such development which was the basis for the Agency's establishment of the "no project" alternative referred to in the April 20, 1992 letter. Between December 11, 1991 and January 13, 1992, the date of the first Fiscal Review meeting, no requests for information or clarification of data from the Agency were made by the San Diego County Office of Education. At the first Fiscal Review meeting, the Agency asked for information to better understand the various schools' programs, funding levels, school finances, and capital facilities relating to each of the school's entity programs. It was established that Mr. Tom Robinson (Chair of the Fiscal Review Committee) take the lead in setting a meeting date, time, and place when information could be exchanged. Subsequently, a meeting was set for January 23, 1992.

On January 14, 1992, immediately following the first Fiscal Review meeting, the Agency requested in writing certain information regarding the overall growth rate of the various programs of the County Office of Education, the growth rate of its budget, and what percentage of its budget was comprised of property taxes and had not received any response

R-279881

prior to the scheduled meeting. On January 23, 1992, the meeting was held with all the school districts, including the County Office of Education, to obtain information regarding how their respective programs and funding activities occurred. At that meeting, a good explanation was provided orally by the San Diego Unified School District staff regarding the operations of the school, including revenue limits, basic aid status, and other idiosyncracies relating to school district finances. The Community College District's staff provided some information orally, but no clear specifics were described to fully understand its financing and funding sources. Very little, if any, financial information associated with the COE, was provided by the County Office of Education. Questions raised to the COE were responded with general information and/or by responses such as "the information will be forthcoming." Subsequently, on January 29, 1992, and again on February 2, 1992, the Agency requested information regarding the growth rate of various programs provided by COE and its budget, and what percentage of its budget was funded from property taxes. It wasn't until February 8, 1992 that the COE responded to the request for information; however, even at that point in time, the answers to the questions raised regarding the COE's financing were incomplete. Also, as noted in the minutes of the Fiscal Review Committee meeting of February 6, 1992, the Agency requested that COE complete its response to the Agency's request for information.

During this period from December 11, 1991 through February 8, 1992, there had been no request for the "no project" alternative, which COE claims hindered the ability of the Fiscal Review Committee to determine the totality of financial burden and detriment. As a matter of fact, it wasn't until January 21, 1992 that the Agency received its first letter from the COE requesting certain information on methodology and any quantitative analysis pertaining to the Centre City Redevelopment Project.

Because of the Agency's inability to ascertain financial information and the lack of response to information requested from the COE regarding its programs and activities, the Agency proceeded to prepare the "no project" alternative to establish an alternative method of establishing the financial impact on the COE. The Agency did so, and presented the "no project" alternative at the Fiscal Review hearing on February 21, 1992. The "no project" alternative became the basis of the agreements the Agency is proposing to enter into with three other taxing agencies to mitigate the impacts of the proposed Redevelopment Plan on the taxing agencies.

The following is a response to the letter dated April 20, 1992 from Harry C. Weinberg to the Honorable Maureen O'Connor.

R- 279881

Mr. Weinberg, County Superintendent of Schools, County Office of Education (COE), states that, "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." Mr. Weinberg goes on to request of Mayor O'Connor 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."

In response, in December 1991, the Redevelopment Agency authorized the distribution of the Preliminary Report on the Centre City Redevelopment Project to taxing agencies and others. The Preliminary Report documented existing blighted conditions in the proposed Project Area, described projects designed to alleviate those conditions, and detailed a financing plan to implement the redevelopment program.

The Agency and taxing agencies began negotiations to determine what financial burden or detriment would be caused to taxing agencies by the Centre City Redevelopment Project. The County of San Diego, Unified School District, and Community College District have reached agreement with CCDC on the sharing of tax increment revenues so that the Project will not cause significant financial burden or detriment to these taxing agencies. These Agreements will be subject to Agency authorization on April 28. CCDC has provided an Agreement to the County Office of Education (COE) which is substantially the same form of agreement, and which provides financial participation in a similar manner, as provided to the other taxing agencies. COE has not yet accepted this Agreement; the Agency will be asked to authorize this Agreement on April 28.

The Agreement offered to COE reflects extensive negotiations, offers and counteroffers. The COE Agreement to be presented to the Agency on April 28 contains terms to which all other taxing agencies have agreed. There are a few special provisions which were provided at COE's request which do not prejudice the Agreements reached with the other taxing agencies. The present value of the financial participation offered to COE reflects, if development occurs over the 33-year period of the Plan as contemplated in the Preliminary Report, a 25% increase over the initial offer to COE. The Community College District accepted an Agreement which reflects an 11.8% increase over the initial offer to the District. The offers and counteroffers to COE have consistently detailed CCDC's rationale in making such offers and counteroffers. This same negotiating approach yielded agreements which were accepted by all other taxing agencies.

The following is a response to the letter received April 13, 1992

R-279881

from Bud Bazeck.

Mr. Bazeck states that property owners could have provided improvements to properties as normal operating expenses in the 1980s. The recession of the 1990s increased business costs and increased crime. Mr. Bazeck states, "Residents and merchants who stayed in the downtown area, were forced to pay 350% rent increases while property owners paid a 4% increase in property tax." Mr. Bazeck states that CCDC "does not represent the majority interests of the citizens of San Diego's Centre City...It makes sense that whatever increase in property taxes our taxes have created, now should be shared throughout the City of San Diego, supporting shortfalls from State and County tax support for schools, police/citizen ratio's, public facilities, low income housing, and health."

In December 1991, the Redevelopment Agency authorized the distribution of the Preliminary Report on the Centre City Redevelopment Project to taxing agencies and others. The Preliminary Report documented existing blighted conditions in the proposed Project Area, described projects designed to alleviate those conditions, and detailed a financing plan to implement the redevelopment program.

The Agency and taxing agencies began negotiations to determine what financial burden or detriment would be caused to taxing agencies by the Centre City Redevelopment Project. The County of San Diego, Unified School District, and Community College District have reached agreement with CCDC on the sharing of tax increment revenues so that the Project will not cause significant financial burden or detriment to these taxing agencies. These Agreements will be subject to Agency authorization on April 28. CCDC has provided an Agreement to the County Office of Education (COE) which is substantially the same form of agreement, and which provides financial participation in a similar manner, as provided to the other taxing agencies. COE has not yet accepted this Agreement; the Agency will be asked to authorize this Agreement on April 28. The City of San Diego has elected to receive certain tax revenues, as permitted by State Community Redevelopment Law, from the Centre City Redevelopment Project, if adopted.

If development occurs in the Centre City Redevelopment Project over the 33-year period of the Plan as contemplated by the Preliminary Report, and the above-described Agreements are entered into, the taxing agencies would receive a total of $705 million in tax increment revenues over the 33-year period as follows: County of San Diego ($330 million), Unified School District ($277 million), Community College District ($49 million), County Office of Education ($13.5 million), and City of San Diego ($36 million). The County may use these revenues for health programs and the school entities will use these revenues

R-279881

for needed facilities and programs.

The City of San Diego and Unified School District would also receive additional tax revenues as a result of implementation of the Project. The Unified School District will collect school impact fees from development occurring in the Project Area, estimated at more than $1 million in school fees per year. The City of San Diego will receive 1% of new retail sales in the Project Area, estimated at $42,130 annually in new sales taxes. These would be cumulative revenues, resulting in annual sales tax revenues to the City of $1,474,550 by the year 2025.

The City would also receive additional Transient Occupancy Tax (TOT) revenues from additional hotel rooms developed in the Project Area. At the current 9% TOT rate, these hotel room sales would generate $321,930 annually in new TOT revenues in the early years, increasing to $434,605 annually in new TOT revenues in the latter 20 years. These would be cumulative revenues, resulting in annual TOT revenues by the year 2025 of $13,521,050.

These additional TOT and sales tax revenues would be available to the City of San Diego to fund police and public facilities, and other needed City services.

With respect to the need for revenues to provide low income housing, State Community Redevelopment Law requires that at least 20% of all tax increment revenues be deposited into the Low and Moderate Income Housing Fund of the Agency and be spent by the Agency to develop or rehabilitate or otherwise provide low and moderate income housing.
The following is in response to a letter dated April 21, 1992 from Wayne Buss.

Mr. Buss points out that the Final Master Environmental Impact Report (MEIR) for the Centre City Redevelopment Project "clearly outlines a program of historical sites review which we believe adequately mitigates these potentially significant impacts. Therefore, we recommend incorporation of the spirit of the EIR recommended mitigation program into the redevelopment plan as follows:

> Section 540.1 Historical <u>or potentially historical</u> buildings shall be considered for restoration and rehabilitation ~~in conformance with the Plan, if feasible,~~ and shall be referred to the Historical Site Board for evaluation <u>of significance and feasibility</u> as appropriate."

In response, the language contained in Section 540.1 of the Centre City Redevelopment Plan was discussed thoroughly by the Project Area Committee on November 13, 1991. Kathryn Willits, Chairman of the Historical Site Board, was present for the discussion. After much discussion and a request by a PAC member

R-279881

to revise the language, the PAC voted to amend the language in Section 540.1 to read as now proposed in the Centre City Redevelopment Plan approved by the PAC on February 19, 1992.

Mr. Buss concurs in the approach to historical properties as outlined on pages 4.E-22-24 of the MEIR. The MEIR indicates that impacts to designated historic structures will be reviewed on a project-specific basis. National Register structures and structures identified as contributing structures within a National Register Historic District shall be retained onsite, and any improvements, renovation, rehabilitation, and/or adaptive reuse of the historic property shall ensure its preservation according to applicable guidelines. The MEIR requires the Agency to complete, and submit to the State Historic Preservation Officer for a determination of eligibility, a Part 1 Evaluation of Significance for the 22 structures within the Project Area that were identified as "Category 1" structures by the 1989 historic buildings survey (commissioned by CCDC) which have not yet been subject to a determination of eligibility for the National Register. The MEIR requires that structures listed on the City's Historical Sites Register be retained on site to the extent feasible; if removal of a locally designated structure is proposed, the MEIR calls for a series of actions and findings before relocation or demolition of the structure. The MEIR also requires Historical Site Board review of any new development that proposes to use an FAR exception for incorporation/preservation of a designated historic structure in the new development.

These above-described requirements in the MEIR must be monitored and reported on annually by the Redevelopment Agency.

The following is in response to a letter dated April 24, 1992 from Ms. Juliette Mondot who was unable to testify on April 21 due to the extended length of the public hearing.

(1) Concerns for the lack of education options for the children of Centre City East, specifically, the overcrowding, multi-track schedule, and condition of facilities and the neighborhood at Sherman Heights Elementary School were raised. In response, the Agency has proposed, and San Diego Unified School District (USD) has approved, an Agreement with the Redevelopment Agency (Agency) that would allow the Agency to participate with USD to provide facilities over the life of the program. This Agreement allows for cooperation and coordination between the Agency and USD in providing facilities that directly benefit the Project Area which could include Washington and Sherman Elementary Schools.

(2) The need for more social service facilities, low income single room occupancy (SRO) units, private residential jail programs, and the need to balance the distribution of these facilities throughout downtown was raised. The Redevelop-

R-279881

ment Plan includes a description of publicly owned facilities that the Agency may participate in through implementation of the Redevelopment Plan. A major objective of the Redevelopment Project is to improve physical, economic and social conditions through the Project Area. This includes the provision of a number of social service facilities such as day centers, mental health facilities, public restrooms, etc., that are intended to improve the existing adverse social conditions in the Project area, and concentrated in Centre City East Redevelopment District. The Redevelopment Project will also strive to eliminate incompatible uses, provide low- and moderate-income housing and to reintroduce a strong, socio-economically balanced residential population in Centre City East.

(3) The need for a timeline and review and amendment process for the redevelopment process was raised to address any unforseen negative impacts resulting from implementation of the Redevelopment Plan. In response, the Project Area Committee (PAC) will provide representation from downtown interest groups, property owners, and residential and business tenants in the redevelopment process through their participation in project review and the development of focus plans. The PAC will provide public input on the redevelopment process.

R-279881

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		✓		
Ron Roberts	✓			
John Hartley	✓			
George Stevens	✓			
Tom Behr	✓			
Valerie Stallings	✓			
Judy McCarty	✓			
Bob Filner	✓			
Mayor Maureen O'Connor			✓	

AUTHENTICATED BY:

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

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

(Seal)

By ...., Deputy.

Office of the City Clerk, San Diego, California

Resolution Number R-279881 Adopted APR 28 1992

CC-1276 (Rev. 11/91)