

(R-93-2061)

RESOLUTION NUMBER R- 2 8 2 2 6 0

ADOPTED ON JUN 2 9 1993

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO CONSENTING TO THE PAYMENT BY THE AGENCY FOR ALL OR PART OF THE COST OF THE INSTALLATION AND CONSTRUCTION OF THE DOWNTOWN COURT/OFFICE BUILDING TO BENEFIT THE CENTRE CITY REDEVELOPMENT PROJECT AREA AND ITS IMMEDIATE NEIGHBORHOOD; AND MAKING CERTAIN FINDINGS WITH RESPECT TO SUCH PAYMENT FOR THE DOWNTOWN COURT/OFFICE BUILDING.

WHEREAS, the Redevelopment Agency of The City of San Diego (the "Agency") is engaged in activities necessary to carry out and implement the Redevelopment Plan for the Centre City Redevelopment Project (the "Project"); and

WHEREAS, in order to carry out and implement the Redevelopment Plan the Agency proposes to pay for all or part of the cost of the installation and construction of a certain publicly-owned Downtown Court/Office Building to benefit the Project area and its immediate neighborhood pursuant to a First Implementation Agreement to Cooperation Agreement (the "First Implementation Agreement") between the Agency and the County of San Diego (the "County"), in the form on file in the office of the City Clerk as Document No. RR-2 8 2 2 6 0; and

WHEREAS, the Centre City Development Corporation, Inc., has reviewed and discussed said proposed First Implementation Agreement, and has recommended that the City Council consent to and the Agency enter into the First Implementation Agreement; and

WHEREAS, pursuant to the California Community Redevelopment Law (California Health and Safety Code section 33000 et seq.) the

Agency and this City Council held a joint public hearing on the proposed payment by the Agency toward the cost of the Downtown Court/Office Building pursuant to such First Implementation Agreement, having duly published notice of such public hearing and made copies of the proposed First Implementation Agreement and other reports and documents available for public inspection and comment; and

WHEREAS, pursuant to the California Community Redevelopment Law this City Council has considered the information regarding the benefit of the Downtown Court/Office Building to the Centre City Redevelopment Project area and its immediate neighborhood, including the information contained in Attachment No. 1 hereto; and has also considered the information regarding the availability of other means of financing the Downtown Court/Office Building available to the community, including the information contained in Attachment No. 2 hereto; and

WHEREAS, the City Council has duly considered all terms and conditions of the proposed payment as set forth in the First Implementation Agreement, and believes that the payment by the Agency of all or part of the cost of the Downtown Court/Office Building is in the best interests of the City and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable State and local law and requirements; NOW, THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego, as follows:

1. That the City Council recognizes that it has received and heard all oral and written objections to the proposed payment

by the Agency for all or part of the cost of the installation and construction of the Downtown Court/Office Building, and to other matters pertaining to this transaction, and that all such oral and written objections are hereby overruled.

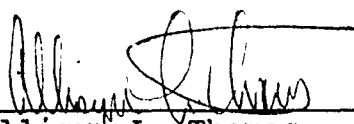
2. That the City Council hereby finds and determines that the Downtown Court/Office Building for which the Agency proposes to pay under the First Implementation Agreement are of benefit to the Centre City Redevelopment Project area and the immediate neighborhood in which the Project area is located, as described in Attachment No. 1. The City Council hereby further finds and determines that no other reasonable means of financing the Downtown Court/Office Building for which the Agency proposes to pay under the First Implementation Agreement are available to the community, as described in Attachment No. 2.

3. The City Council hereby consents to the payment by the Agency for all or part of the cost of the Downtown Court/Office Building as described in the First implementation Agreement.

4. That the City Council hereby authorizes the City Clerk to deliver a copy of this resolution to the Executive Director and members of the Agency.

APPROVED: JOHN W. WITT, City Attorney

By

  
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Allisyn L. Thomas  
Deputy City Attorney

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ATTACHMENT NO. 1

BENEFIT OF THE DOWNTOWN COURT/OFFICE BUILDING

The Downtown Court/Office Building for which the Agency proposes to pay will benefit the Centre City Redevelopment Project area and the immediate neighborhood in which the Project area is located, in that:

- A. The present County justice facilities are within the Centre City Redevelopment Project. The 16 additional courtrooms and ancillary space proposed to be funded will be located within the Centre City Redevelopment Project and within one block of the Federal Office Building Complex containing Federal courts. It is important that new County courts be located as close as possible to this cluster, rather than moving out of Centre City, so that the relationship with the Federal Courts can be maintained and the office and hotel demand created in the nearby area by the legal community and related services associated with the courts, will support the viability of the Agency's redevelopment effort.
- B. The County agrees to retain the current courts and make operational upon completion of the building, at least 8 of the 16 new Superior Courtrooms in the downtown area. The other 8 Superior Courtrooms shall be operational as additional Superior Court judicial positions are provided to the County. The Agency has funded a \$100,000 study updating a downtown court facilities master plan to support retention of the courts in the downtown area.
- C. The expansion of the downtown court and related facilities is projected to increase the number of public, court-related employees. The amount of square feet to be added permanently to the downtown judicial complex will increase approximately 300,000 square feet. The resulting spinoff for private sector development and employment will create demand for uses in the Centre City Redevelopment Project area and its immediate neighborhood.
- D. The project will generate much needed construction related jobs for the local region. The developer estimates that the project would generate 450,000 hours of labor. The estimated payroll for the project is around \$14.0 million with nearly all the labor being San Diego County residents. When one considers the multiplier or secondary impact of this project, there would be a total increase of 485 jobs and a \$122.4 million payroll during the two-year construction period.

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ATTACHMENT NO. 2

NO OTHER REASONABLE MEANS OF FINANCING

There are no other reasonable means available to the community for financing the Downtown Court/Office Building for which the Agency proposes to pay in that:

City of San Diego

- A. Courts are not a function or responsibility of the City.
- B. For the Fiscal Year 1993 and 1994 budgets, the City of San Diego has made, and will make, a number of budgetary reductions in order to finance immediate operating and capital needs. A number of capital projects remain unfunded due to limited funds.
- C. The City's capital improvement budget is funded primarily with developer's proceeds, enterprise funds revenues, Facility Benefit Assessment funds, and Transnet funds. The FY 1993 revised Capital Improvement Program Budget decreased 30.3% from the FY 1992 Budget.
- D. State legislation, which annually diverted \$12 million in property tax revenues from the City and the continued effects of the sluggish economic recovery during FY 93, has resulted in a revenue shortfall in the \$18-20 million range. It has been estimated that the State could divert up to \$27 million in property tax revenues in FY 1994.

County of San Diego

- A. The County Penalty Assessment Revenue Fund is the primary source of revenue (excluding project-related revenue such as lease consolidation savings, parking/retail revenue) for new County justice facilities; repair and maintenance of existing justice facilities; lease payments for temporary justice space.
- B. For Fiscal Year 93-94, it is estimated that the demand for penalty assessment revenue will be as follows:

Emergency Medical Services	\$3,128,950
Cal Identification	716,000
Laboratory Equipment	100,000
Prior Capital Debt	4,851,000
Leases	1,371,092
Downtown Courthouse FFE's, etc.	1,067,000
Automated Regional Justice Sys.	200,000
TB Control	200,000
Major Maintenance	<u>500,000</u>

Total \$12,134,042

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- C. For FY 92-93 there were \$21.8 million in requests for use of penalty assessment revenue while there was an estimated revenue of \$12.7 million.
- D. With the allocation of the \$2.2 million in penalty assessment revenue to the Downtown Court/Office Building and prior commitments to projects pursuant to Board of Supervisor B-69 (Allocation of Penalty Assessment Revenues), there is an estimated maximum of \$1.0 million in annual revenue which would be available to all justice projects in the next 4-5 fiscal years.
- E. To facilitate the financing of the Downtown Court/Office Building, a total amount of \$7.8 million annually is necessary consisting of \$6.0 million in debt service and \$1.8 million in building operations. Sources available, including the necessary \$800,000 annually from the Agency, are as follows:

Lease Consolidation Savings	\$3.3 million
Penalty Assessment Revenue	2.2 million
Federal/State Reimbursements	.7 million
Parking Revenue	.7 million
Retail Revenue	.1 million
Redevelopment Agency	<u>.8 million</u>
Total	<u>\$7.8 million</u>

- F. Until 1979, cities had the ability to determine their revenues from property taxes by setting property tax rates. Proposition 13 took away a city's ability to adjust property tax revenue. Fiscal Year 1993 property tax revenues, which comprise about 30 percent of the City of San Diego's general revenues, is dependent on property transfers and new construction. Property tax revenue is no longer a flexible funding source for cities.
- G. Other major sources of general fund city revenue are sales taxes, transient occupancy taxes, property transfer taxes, licenses and permits, and franchise revenues. Each of these, as property taxes, are dependent on the health of the local economy. These sources of revenue, and all others accruing to the City of San Diego, are inadequate currently to meet the demands of the citizens for services and facilities. The City of San Diego Citizens Finance Committee, in its report dated January 1990, characterized the City of San Diego as a "City with limited sources of operating funds; with virtually no capital outlay budget to serve the urbanized portion of the communities; and with an infrastructure that is deteriorating and badly in need of extensive repair work and expansion." Of the nation's 50 largest cities, the City of San Diego ranks 35th in property tax per 1,000 population and ranks 47th in receipt of general fund revenue. Inasmuch as general obligation bonds require a two-thirds vote of the electorate, there currently exists an estimated City-wide capital facility need

of \$1.75 billion. Funds available to the city from non-local sources are modest in relationship to city needs.

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JUN 29 1993

Passed and adopted by the Council of The City of San Diego on .....  
by the following vote:

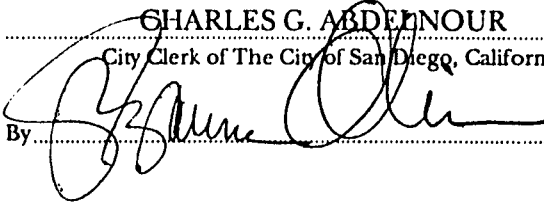
Council Members	Yeas	Nays	Not Present	Ineligible
Abbe Wolfsheimer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ron Roberts	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Hartley	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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"/>
Juan Vargas	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor Susan Golding	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

SUSAN GOLDING  
Mayor of The City of San Diego, California.

(Seal)

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

By  Deputy.

Office of the City Clerk, San Diego, California

Resolution  
Number

282260

Adopted JUN 29 1993



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