

**284396**

RESOLUTION NUMBER R-

AUG 02 1994

ADOPTED ON \_\_\_\_\_

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO CONSENTING TO THE ADDITIONAL PAYMENTS BY THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO 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 THE PAYMENTS 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 has heretofore agreed 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"); and

WHEREAS, the Agency has previously prepared, and the Agency by Resolution No. 2081 and the Council of The City of San Diego (the "Council") by Resolution No. R-279875 have certified the Final Master Environmental Impact Report for the Centre City Redevelopment Project (referred to herein as the "MEIR"); and

WHEREAS, the development of the Downtown Court/Office Building on the real property pursuant to the provisions of the First Implementation Agreement between the Agency and County is a redevelopment implementation activity whose environmental impacts are assessed in the MEIR; and

WHEREAS, the Centre City Development Corporation, Inc., acting on behalf of the Agency, previously prepared a Secondary Study in accordance with and pursuant to the California Environmental Quality Act of 1970 (CEQA) and State and local regulations and guidelines adopted pursuant thereto, and the Secondary Study assesses the environmental impacts of the development of the real property pursuant to the First Implementation Agreement; and

WHEREAS, based upon the Secondary Study, and the MEIR, the Council found and determined in connection with its consideration of the First Implementation Agreement, that:

1. No substantial changes are proposed in the Centre City Redevelopment Project, or with respect to the circumstances under which the Project is to be undertaken, as a result of the development of the real property pursuant to the First Implementation Agreement, which will require important revisions in the MEIR for the Project, due to the involvement of new significant environmental impacts not covered in the MEIR; and

2. No new information of substantial importance to the Project has become available which was not known or could not have been known at the time the MEIR for the Project was certified as complete, and which shows that the Project will have any significant effects not discussed previously in the MEIR, or

that any significant effects previously examined will be substantially more severe than shown in the MEIR, or that any mitigation measures or alternatives previously found not to be feasible or not previously considered would substantially reduce or lessen any significant effects of the Project on the environment; and

3. No negative declaration, or subsequent environmental impact report, or supplement or addendum to the MEIR is necessary or required; and

4. The development of the real property pursuant to the First Implementation Agreement will have no significant effect on the environment, except as identified and considered in the MEIR for the Project.

WHEREAS, in order to further carry out and implement the Redevelopment Plan, the Agency proposes to pay additional amounts toward the cost of the installation and construction of the Downtown Court/Office Building to benefit the Project area and its immediate neighborhood pursuant to a Second Implementation Agreement to Cooperation Agreement (the "Second Implementation Agreement"), between the Agency and the County, a copy of the Second Implementation Agreement is on file in the office of the City Clerk as Document No. RR-284396, and

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

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

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

WHEREAS, pursuant to the California Community Redevelopment Law the Agency 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 has also considered the information regarding how the additional payments will assist in eliminating blighting conditions in the Project area, including the information contained in Attachment No. 3 hereto; and

WHEREAS, the Council has duly considered all terms and conditions of the proposed additional payments as set forth in the Second Implementation Agreement, and believes that the additional payments by the Agency toward the cost of the Downtown Court/Office Building are in the best interest 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 Council recognizes that it has received and heard all oral and written objections to the proposed additional payments by the Agency toward 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.

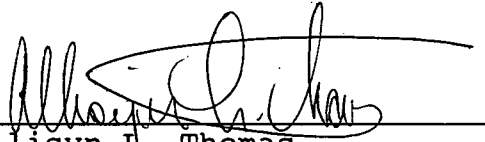
2. That the Council hereby finds and determines that the Downtown Court/office Building for which the Agency proposes to pay under the Second Implementation Agreement is of benefit to the Centre City Redevelopment Project area and the immediate neighborhood in which the Project area is located, as described in Attachment No. 1. The 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 Second Implementation Agreement are available to the community, as described in Attachment No. 2. The Council hereby further finds and determines that the payment of funds toward the cost of the Downtown Court/Office Building as provided for in the Second Implementation Agreement will assist in the elimination of one or more blighting conditions inside the Project area, as described in Attachment No. 3.

3. That the Council hereby consents to the payment by the Agency of additional amounts toward the cost of the Downtown Court/Office Building as described in the Second Implementation Agreement.

4. That the 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

  
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 upon completion of the building, complete at least sixteen (16) new Superior Courtrooms 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 multiple 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.

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 1994 and 1995 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 Fiscal Year 1995 Capital Improvement Program Budget decreased 10.4% from the Fiscal Year 1994 Budget.
- D. It is anticipated that Fiscal Year 1995 will be the fifth consecutive year that revenues reflect little or no growth. Included in the Fiscal Year 1995 budget are a number of one-time revenues that have enabled the City to delay further expenditure reductions.

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, the demand for penalty assessment revenue included the following:

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



- C. During FY 93-94 Penalty Assessment Revenue was inadequate to fund the demands.
- 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>
<b>Total</b>	<b><u>\$7.8 million</u></b>

ATTACHMENT NO. 3

ELIMINATION OF BLIGHTING CONDITIONS

The payment of funds toward the cost of the Downtown Court/Office Building will assist in the elimination of one or more blighting conditions inside the Project area, in that:

- A. Such payment of the Agency funds are being used to pay for a portion of the Downtown Court/Office Building, approximately 13% of estimated annual debt service for a period of five (5) years and to pay for a portion of the capital costs of completing the installation of eight (8) additional courtrooms bringing the total number of completed courtrooms to sixteen (16) instead of eight (8), is to maintain and enhance the number of downtown courtroom and justice facilities in a manner which provides in Centre City at least the ratio of new judicial positions, compared to new judicial positions in all other areas of San Diego County.
- B. The development of the Downtown Courts/Office Building will implement a portion of the objectives of the Columbia Sub Area of the Centre City Redevelopment Project in that the development encourages the expansion of the business district westerly and establishes an element of linkage to the San Diego Bay by completing an underdeveloped block of land located on Broadway approximately seven blocks from the San Diego Bay. Also, with the Agency facilitating the development of the courtrooms and justice facilities, one of the community-based facilities identified in the Centre City Redevelopment Plan is being implemented.
- C. The Agency previously entered into a Disposition and Development Agreement (DDA) for a development consisting of an approximate 540,000 square foot office building on the block bounded by "C", Union, Broadway and State streets (the current site of the proposed Downtown Court/Office Building). Prior to the DDA, the site was blighted with non-conforming uses and the developer proceeded with the acquisition and the demolition of the blighted uses on the site and converted the area into a surface parking lot. As a result of the economy and the office market, the project did not go forward and has now become the site of the proposed Downtown Court/Office Building.