

RESOLUTION NUMBER R- 305427

DATE OF FINAL PASSAGE NOV 25 2009

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN DIEGO (i) AUTHORIZING THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO [AGENCY], BY AND THROUGH THE CENTRE CITY DEVELOPMENT CORPORATION, TO ADMINISTER AND MANAGE THE CONSTRUCTION OF THE INTERSTATE 5 BRIDGE STREETLIGHT IMPROVEMENTS [IMPROVEMENTS] LOCATED DIRECTLY ADJACENT TO THE CORTEZ AND EAST VILLAGE REDEVELOPMENT DISTRICTS OF THE EXPANSION SUB-AREA OF THE CENTRE CITY REDEVELOPMENT PROJECT; (ii) MAKING CERTAIN FINDINGS AND DETERMINATIONS RELATED TO THE USE OF THE AGENCY'S TAX INCREMENT FUNDS FOR THE CONSTRUCTION OF THE IMPROVEMENTS, IN ACCORDANCE WITH CALIFORNIA HEALTH AND SAFETY CODE SECTION 33445; AND (iii) AGREEING TO ACCEPT THE IMPROVEMENTS UPON COMPLETION.

WHEREAS, the Redevelopment Agency of the City of San Diego [Agency] is engaged in activities necessary to carry out and implement the Redevelopment Plan for the Centre City Redevelopment Project Area [Project Area]; and

WHEREAS, the Centre City Development Corporation [CCDC] is responsible for implementing redevelopment projects in the Project Area; and

WHEREAS, in order to implement the Redevelopment Plan for the Project Area, the Agency, pursuant to Resolution No. R-04405 adopted effective June 19, 2009, approved the Fourth 5-Year Implementation Plan for the period of July 2009 through June 2014 for the Centre City and Horton Plaza Redevelopment Projects [Implementation Plan], on file with the secretary of the Agency as Document No. D-04405e, in accordance with California Health and Safety Code section 33490; and

WHEREAS, the Implementation Plan identifies the need to contribute to blight removal by constructing lighting to improve public safety and deter crime within the Project Area; and

WHEREAS, consistent with the Implementation Plan, CCDC has proposed the installation of certain public improvements consisting of 25 streetlights utilizing induction (not high pressure sodium) lights [Improvements] over seven Interstate 5 bridges located at First, Second, Third and Sixth Avenues, directly adjacent to the Cortez Redevelopment District of the Project Area, and Island Avenue, Market and J Streets, directly adjacent to the East Village Redevelopment District of the Project Area; and

WHEREAS, Agency funds in the amount of \$404,900 are available in the Agency's Fiscal Year 2010 Area-Wide Public Improvement Budget to pay for the total cost of construction of the Improvements; and

WHEREAS, the Agency, by and through CCDC, now proposes to implement, administer and manage the construction of the Improvements, and to contribute up to \$404,900 from the Project Area's tax increment funds to pay for the cost of construction of the Improvements; and

WHEREAS, although the City will own and maintain the Improvements upon their completion, the Agency desires to pay for the cost of the construction of the Improvements because the City presently has insufficient funding for the Improvements; and

WHEREAS, after having duly considered the actions described above and the Agency's proposed financial contribution for the construction of the Improvements, the City Council finds that the actions and the payment by the Agency of all or part of the cost of the Improvements are of primary benefit to the Project Area and are in the best interests of the Project Area, the City and the safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local law requirements; NOW, THEREFORE,

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

1. That the Council authorizes the Agency, acting by and through CCDC, to administer and manage the design and construction of the Improvements, directly adjacent to the East Village and Cortez Redevelopment Districts of the Expansion Sub-Area of the Project Area.

2. That the Council authorizes the City to accept the Improvements, including the on-going maintenance obligation associated therewith, upon completion of construction.

3. That the Mayor or designee is hereby authorized to execute all documents on behalf of the City that are necessary and appropriate to carry out and implement the purposes set forth in this Resolution according to its terms, and to administer the City's obligations, responsibilities and duties to be performed hereunder.

4. That the Council finds and determines each of the following, in accordance with California Health and Safety Code section 33445:

(a) That the Improvements for which the Agency proposes to pay will benefit the East Village and Cortez Redevelopment Districts of the Project Area or the immediate neighborhood in which the Project Area is located, in that:

(1) The Improvements will improve public safety and health conditions.

(2) The Improvements will deter crime and provide energy efficiencies.

(3) The Improvements will increase the quality of life for downtown residents, visitors and businesses by providing streetlights to improve public safety on downtown streets.

(b) That no other reasonable means of financing the Improvements is available to the community (i.e. the City), as follows:

(1) The Fiscal Year 2010 Budget for the City decreased approximately 3.9 percent from \$3.127 billion to \$3.006 billion. Over the last several years, as the City's Capital Improvement Program [CIP] has grown and revenues have leveled off, the City has developed phase funding to use available cash and minimize the issuance of bond proceeds. This is a means whereby large projects may be budgeted and contracted for in an efficient manner that maximizes the City's use of available funds. The Fiscal Year 2010 Budget reflects General Fund Revenues and expenditures of \$1.15 billion, representing a decrease of \$46.5 million or a 3.9 percent decrease over the Fiscal Year 2009 Budget. The General Fund Budget also includes 7,415 positions, a decrease of 130 positions over the Fiscal Year 2009 Budget. The net decrease is due to the elimination of 147 positions as a part of the FY 2009 Revised Budget and the addition of positions for new facilities and other priority staff.

(2) The City experienced declining revenues of over \$34 million (unaudited) in Fiscal Year 2009.

(3) Although the City reduced expenditures in Fiscal Year 2008 to below appropriated amounts, the further unanticipated decline in property tax, sales tax, franchise fees, rents and concessions and transient occupancy tax resulted in expenditures exceeding revenues by over \$20 million. In Fiscal Year 2008, the City reduced reserves by \$20 million (unaudited) in order to fund essential City services. The use of reserves to fund ongoing operations shows that the City has very limited capacity to continue to provide such improvements while meeting its core service obligations.

(4) The City's Fiscal Year 2010 Balanced Budget, approved in June 2009, includes reduced revenue projections adjusted for a continuation of slow economic growth and a continued constriction of economic activity that would further reduce taxes and other City revenues. Growth in revenues is anticipated to be negative in most major revenue categories, such as sales tax and transient occupancy tax, while the growth rate in property tax revenue is projected in Fiscal Year 2009 to be the lowest in over ten years. The City Charter requires that the City maintain a balanced budget. The economic downturn and the negative effect on Fiscal Year 2010 revenues of approximately \$46.5 million confirm the need for the Agency to fund the Improvements.

(5) The City revenues projected in March of 2008, and adjusted downward in the May revision to the Budget, did not anticipate the magnitude of the continued down turn in the economy into possible recession. As a result, the City anticipates a \$43 million shortfall in the Fiscal Year 2009 Budget. Property tax is at its lowest growth rate since 1997, and sales tax revenue is expected to decline from the previous year (Fiscal Year 2008) for the first time since 2002. Reductions in City services will need to occur in this fiscal year to maintain a legally balanced budget.

(6) On March 4, 2009, the Agency entered into a Cooperation Agreement with the City to fund the debt service on the PETCO Park bonds, for the next five years, due to the declining revenue projections of the City. (Resolution No. R-304728/Agency Report No. CCDC-09-07.)

(c) That the payment of Agency funds toward the cost of the Improvements will assist in the elimination of one or more blighting conditions within and/or directly adjacent to the East Village and Cortez Redevelopment Districts of the Project Area, in that:

(1) The Improvements will enhance the neighborhood and replace inadequate public improvements. The Improvements will remove and replace these adverse conditions, upgrading the physical condition to match the improvements on nearby streets.

(2) The Improvements will act as a catalyst providing an incentive for private investment, thereby contributing to the removal of economic blight.

(3) "Improvements to existing water and sewer lines, streets, sidewalks, parkways, and lighting in the public right-of-way; continued participation in the enhancement of the public transit system" are specific means to contribute to blight removal as identified on page 4 of the work program of the Implementation Plan.

(d) That the payment of Agency funds toward the cost of the Improvements is consistent with the Implementation Plan and is provided for in the Redevelopment Plan, in that:

(1) The Improvements address the specific goals and objectives of the Implementation Plan, as identified on page 9 of the work program, which states in pertinent part as follows: "Encourage economically-viable development; increase economic and social vitality of bay front; provide uses and amenities that celebrate the community; provide public access and open space; create a signature expression that draws attention to the area; serve local community and tourists; and preserve and maximize bay views."

(2) By furthering the specific goals and objectives of the Implementation Plan, the Improvements and the Agency's payment of the cost thereof are a means to eliminate blight within the Project Area and to facilitate the objectives of the Implementation Plan.

(3) The Improvements are provided for in the Redevelopment Plan because Section 440.2 of the Redevelopment Plan authorizes the Agency to cause the

construction of public improvements, including improvements to bridges and streetlights, and Section 110.1 of the Redevelopment Plan states that the objectives for the Project Area include, among other things, upgrading the quality of life in the downtown area and coordinating the upgrade of community facilities that will serve the needs of the entire downtown area.

5. That the Council hereby consents to the Agency's payment for the cost of the Improvements using tax increment proceeds generated from the Project Area.

APPROVED: JAN I. GOLDSMITH, CITY ATTORNEY

By Kevin Reisch
Kevin Reisch
Deputy City Attorney

KR:cw
09/08/09
11/19/09 REV. COPY
Or.Dept:CCDC
R-2010-149
MMS #9901
Companion Item to: RA-2010-15

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of NOV 17 2009.

ELIZABETH S. MALAND
City Clerk

By *Sara Bhandari*
Deputy City Clerk

Approved: 11-25-09
(date)

Jerry Sanders
JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor