

RESOLUTION NUMBER R- 305432

DATE OF FINAL PASSAGE DEC 04 2009

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN DIEGO MAKING CERTAIN FINDINGS FOR THE EXPENDITURE OF AGENCY FUNDS FOR THE REHABILITATION OF THE VILLA MONTEZUMA, IN ACCORDANCE WITH CALIFORNIA HEALTH AND SAFETY CODE SECTION 33445.

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 [Project Area]; and

WHEREAS, among the redevelopment activities provided for in the Redevelopment Plan is the rehabilitation of publicly owned buildings and the restoration of historic structures; and

WHEREAS, in order to implement the Redevelopment Plan, the Agency previously approved the Fourth Five-Year Implementation Plan for the period of July 2009 – June 2014 for the Centre City and Horton Plaza Redevelopment Projects [Implementation Plan]; and

WHEREAS, the Implementation Plan identifies the need to continue preservation of historically significant structures and the need to provide adequate public facilities; and

WHEREAS, the Villa Montezuma, which is owned by the City of San Diego, is an historical site which had been operated as a museum and cultural center from 1972 to 2006, and has physically deteriorated such that it requires rehabilitation to adequately preserve the facility for current use by the public and further future historic rehabilitation; and

WHEREAS, the proposed rehabilitation to the Villa Montezuma includes, but is not limited to, design and construction of improvements to prevent further deterioration, rain

infiltration, and further damage due to potential seismic events and, more importantly, design and construction to make the building safe to open to the public [Improvements]; and

WHEREAS, funds in the amount of \$550,000 are available in the Agency's Fiscal Year 2009 Budget, in the Historic Mitigation line item to pay for the cost of construction of the Improvements; and

WHEREAS, although the City owns Villa Montezuma, the Agency desires to pay for a \$550,000 portion of the cost of the construction of the Improvements because the City presently has insufficient funding for said Improvements; and

WHEREAS, pursuant to California Health and Safety Code section 33445, which is part of the California Community Redevelopment Law [CRL], California Health and Safety Code section 33000 et seq., the Agency may, with the consent of the City Council of the City of San Diego [Council], pay for all or part of the land for and/or the installation and construction of any building, facility, or other improvement that is publicly owned either within or without the Project Areas if the Council makes certain determinations set forth in CRL section 33445; and

WHEREAS, the Council has duly considered the actions described above and the proposed Agency financial contribution for the rehabilitation of the Villa Montezuma and finds that the actions and the payment by the Agency of all or part of the costs of the rehabilitation of Villa Montezuma 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 finds and determines, in accordance with California Health and Safety Code 33445, that the Improvements for which the Agency proposes to pay will benefit the Centre City [Project Area] or the immediate neighborhood in which the Project Area is located in that:

A. Rehabilitation of the Villa Montezuma, which is located outside of the Project Area but in the immediately adjacent Sherman Heights Neighborhood within the Sherman Heights Historic District, will enhance the Project Area in eliminating blight and advancing the development of an historic asset in such close proximity to the Project Area.

B. Rehabilitation of the Villa Montezuma is consistent with the redevelopment activities provided for in the Redevelopment Plan and the Implementation Plan.

C. Improvements to the Villa Montezuma will advance the Visions and Goals of the Centre City Redevelopment Project by contributing to the making of downtown into the dominant regional center for the arts, entertainment, dining, and public festivals.

D. The Villa Montezuma will provide a community facility which will cater to both downtown residents and visitors and will improve the quality of life for downtown residents, visitors, and businesses.

E. The rehabilitation of the Villa Montezuma will contribute to the fulfillment of the Historic Preservation Focus Plan and the Implementation Plan for Centre City and Horton Plaza.

2. That the Council finds and determines, in accordance with California Health and Safety Code 33445, that there are no other reasonable means available to the community (i.e., City of San Diego) for financing the subject Improvements for which the Agency proposes to pay in that:

A. In Fiscal Year 2009, the City of San Diego [City] experienced declining revenues in the City's four major revenue sources (property tax, sales tax, Transient Occupancy Tax (TOT), and franchise fees), resulting in a \$39.0 million reduction from the Fiscal Year 2009 Adopted Budget.

B. In response to the economic downturn, the City reduced its General Fund revenue projections for Fiscal Year 2009 and restricted departmental spending. To balance the General Fund budget, City Council adopted the Fiscal Year 2009 Revised Budget on December 9, 2008 and February 3, 2009 by reducing \$36.6 million in expenditures. These Fiscal Year 2009 budget adjustments were carried forward into the Fiscal Year 2010 Adopted Budget.

C. The Fiscal Year 2010 Adopted Budget for the City decreased by approximately 5.8% from \$3.13 billion to \$2.95 billion. The Fiscal Year 2010 Budget reflects General Fund revenues and expenditures of \$1.13 billion, representing a decline of \$62.9 million or 5.3% over the Fiscal Year 2009 Adopted Budget. The General Fund Budget includes 7,396.92 FTE positions, a decrease of 148.30 FTE positions over the Fiscal Year 2009 Adopted Budget. The net decrease in General Fund positions is primarily due to the elimination of 146.95 FTE positions carried forward from the Fiscal Year 2009 Revised Budget.

D. The City's Fiscal Year 2010 General Fund balanced budget, approved by City Council in June 2009, includes reduced revenue projections adjusted for a continuation of slow economic growth and a continued constriction of economic activity. Growth in revenues is anticipated to be negative in most major revenue categories such as sales tax, TOT, and property tax. The City Charter requires the City to maintain a balanced budget. The economic downturn and the negative effect of the Fiscal Year 2010 reduced revenues of approximately \$62.9 million

(over the Fiscal Year 2009 Adopted General Fund Budget) confirms the need for the Agency to fund these improvements.

E. The City's capital improvement budget is funded from various sources, including water and sewer fees, Development Impact Fees, grant funds, Facilities Benefit Assessment funds, and sale of City-owned property and TransNet funds. The Fiscal Year 2010 Capital Improvement Program [CIP] Budget totals \$478.4 million, a decrease of \$108.5 million from Fiscal Year 2009. The Fiscal Year 2010 CIP Budget provides for improvements to the City's water and sewer systems and projects for park and recreation, library, and transportation. Despite the decrease in the City's CIP Budget, it is estimated that the City's deferred maintenance capital needs, excluding water and sewer projects, may be at least \$800 to \$900 million. The City financed \$103 million of this backlog in fiscal year 2009, but given the current economic recession and the decline in General Fund revenues, the City is unable to expend General Fund revenues on additional capital projects this fiscal year.

F. On March 4, 2009, the Agency entered into a co-operation agreement with the City to fund the debt service on the PETCO Park bonds for the next five years due to the economic downturn and negative growth rates for some major revenues. (Resolution No. R304728/Agency Report CCDC-09-07).

3. The Council finds and determines, in accordance with California Health and Safety Code 33445, that the payment of Agency funds toward the cost of the of the Improvements will assist in the elimination of one or more blighting conditions within the Centre City Redevelopment Project Area in that:

A. The blighted historic structure will become a cultural amenity in the neighborhood immediately adjacent to the Project Area, thereby attracting additional investment to the area and improving a previously-blighted property.

B. The Improvements will enrich the downtown neighborhoods through preservation of a historically-significant structure.

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

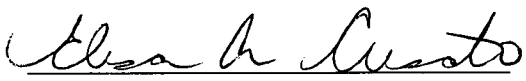
4. The Council finds and determines, in accordance with California Health and Safety Code 33445, that the payment of Agency funds toward the cost of the Improvements is consistent with the Fourth Five-Year Implementation Plan adopted on June 19, 2009 for the Project Area pursuant to California Health and Safety Code 33490, in that:

A. Improvements address the specific goals and objectives of the Implementation Plan, as identified on Page 4 which states in pertinent part as follows: "Specific goals of the Agency to address the blighting conditions in the Project Area include continued preservation of historically significant structures."

B. The Implementation Plan describes proposed public infrastructure and facilities and their contribution to blight removal and includes on page 7 of the work program in pertinent part as follows: "Enhanced Community Facilities: Proposed parks and recreational facilities would create residential amenities, provide adequate public facilities for the area; will increase the desire for residents to live in the East Village neighborhood".

C. By furthering the specific goals and objectives of the Fourth Five-Year Implementation Plan, the Improvements and the Agency's payment for such Improvements are a means to eliminate blight within the Project Area and to facilitate the objectives of the Fourth Five-Year Implementation Plan.

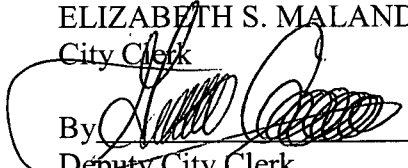
APPROVED: JAN I. GOLDSMITH, City Attorney

By 
Elisa A. Cusato
Deputy City Attorney

EAC:nda
10/29/09
Or.Dept:Redev.Agency
R-2010-343
MMS#8899
Comp. RA-2010-29

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of NOV 23 2009.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 12-4-09
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor