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RESOLUTION NUMBER R- 306546

DATE OF FINAL PASSAGE JAN 16 2011

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN DIEGO (i) MAKING CERTAIN FINDINGS AND DETERMINATIONS RELATED TO THE EXPENDITURE OF THE REDEVELOPMENT AGENCY'S TAX INCREMENT FUNDS FOR THE CONSTRUCTION OF AN URBAN PUBLIC PLAZA, INCLUDING THE REHABILITATION OF THE EXISTING HISTORIC HORTON PLAZA PARK LOCATED IN THE HORTON PLAZA REDEVELOPMENT PROJECT, IN ACCORDANCE WITH CALIFORNIA HEALTH AND SAFETY CODE SECTION 33445; AND (ii) CONSENTING TO THE REDEVELOPMENT AGENCY'S PAYMENT FOR THE COST OF THE CONSTRUCTION OF AN URBAN PUBLIC PLAZA, INCLUDING THE REHABILITATION OF THE EXISTING HISTORIC HORTON PLAZA PARK.

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 Horton Plaza Redevelopment Project (Redevelopment Plan) in the Horton Plaza Redevelopment Project Area (Project Area); and

WHEREAS, pursuant to the Redevelopment Plan for the Project Area, section 440.2 authorizes the Agency to cause the construction of public improvements including plazas and improvements to sidewalks, section 540 authorizes the Agency to cause the Horton Plaza, fountain and amenities to be restored, improved, and if feasible, expanded, and section 110.1 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; and

WHEREAS, in order to implement the Redevelopment Plan for the Project Area, the Agency adopted the Fourth Implementation Plan for the Project Area for the period of July 2009 through June 2014 (Implementation Plan) pursuant to Resolution No. R-04405 on June 19, 2009,

and in accordance with Section 33490 of the California Health and Safety Code; a copy of the Implementation Plan is on file at the office of the Agency Secretary as Document No. D-04405e; and

WHEREAS, the Implementation Plan identifies, among other things, the need to contribute to blight removal by making improvements to streets and sidewalks in the public right-of-way within the Project Area, to create and enhance new and existing open spaces and to implement the 2006 Downtown Community Plan for the entire 1,445-acre Centre City jurisdiction including open space and other planning elements and implementing documents; and

WHEREAS, consistent with the Implementation Plan and the Redevelopment Plan for the Project Area, the Centre City Development Corporation, Inc. (Corporation), acting on behalf of the Agency, has negotiated an Owner Participation Agreement (OPA) with Horton Land LLC, a Delaware limited liability company, Horton Plaza Venture LLC, a Delaware limited liability company, and Horton Plaza L.P., a Delaware limited partnership (collectively, Developer), wherein the Developer has agreed, among other things, to prepare and transfer for consideration to the Agency an approximately 37,000 square-foot site (Sales Parcel) for the development and construction by the Agency of an urban public plaza (Public Plaza), including the rehabilitation of the existing historic Horton Plaza Park (together with the Public Plaza, shall be referred to as Plaza Improvements); and

WHEREAS, the proposed OPA requires the Agency to, among other obligations, contribute not less than \$8,000,000 towards the development and construction of the Plaza Improvements as well as to deposit \$150,000 on or before the end of Fiscal Year 2015 and on the next four anniversary dates thereof ending on or before the end of Fiscal Year 2019 for a total of \$750,000 into a reserve account for anticipated capital repairs and replacement costs; and

WHEREAS, the Corporation, acting on behalf of Agency, now proposes to implement, administer and manage the construction and installation of the Plaza Improvements; and

WHEREAS, after having duly considered the actions described above and the Agency's proposed financial contribution for the construction and installation of the Plaza Improvements, the City Council of the City of San Diego (City Council) believes that the actions and the payment by the Agency of all or part of the costs of the Plaza Improvements are of 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; NOW, THEREFORE,

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

1. That the Council finds and determines that all recitals set forth in this Resolution are true and correct and fully incorporated herein by this reference.
2. That the Council finds and determines each of the following in accordance with California Health and Safety Code section 33445:
  - (a) That the Plaza Improvements within the Project Area, for which the Agency proposes to pay using Agency funds from the Project Area, are of benefit to the Project Area by helping to eliminate blighting conditions within the Project Area, in that:
    - (1) The Plaza Improvements will cause the Horton Plaza, fountain and amenities to be restored, improved and expanded.
    - (2) The Plaza Improvements will assist in improving the existing damaged and outdated surface improvements to current City of San Diego (City) standards.
    - (3) The Plaza Improvements will increase and enhance the amount of public open space to enhance downtown commercial districts and residential neighborhoods.

(b) That there are no reasonable means available to the community (i.e., City of San Diego) for financing the Plaza Improvements for which the Agency proposes to pay, in that:

(1) The City's General Fund is dependent on the financial health of the local economy in addition to the state and nationwide economy. Some economic indicators are currently still lagging and could possibly restrain economic stabilization or expansion in the economy in Fiscal Year 2011. The improvement in municipal budgets appears to be also lagging the overall economy. Overall, the economic outlook remains very uncertain in the upcoming fiscal year.

(2) The City's General Fund Budget is funded from various sources, but the four largest revenue sources are property tax, sales tax, transient occupancy tax (TOT), and franchise fees, and account for approximately \$710.8 million or 64.8 percent of total General Fund revenues. The decline in these four major revenues in the Fiscal Year 2011 Adopted Budget accounts for approximately \$31.6 million or 94.3 percent of the total General Fund decline of \$33.5 million compared to the Fiscal Year 2010 Adopted Budget.

(3) In Fiscal Year 2011 sales tax is budgeted at \$187.5 million, which represents a decrease of \$22.7 million or 10.8 percent from the Fiscal Year 2010 Adopted Budget due to the decline in per capita income and consumer spending, and the high unemployment rate in the City. TOT is budgeted at \$66.1 million, a decrease of \$9.8 million or 12.9 percent from the Fiscal Year 2010 Adopted Budget due to the decline in local tourism. Franchise fees are budgeted at \$67.2 million, a decrease of \$6.5 million or 8.9 percent from the Fiscal Year 2010 Adopted Budget due to a decline in refuse haulers tonnage.

(4) The City's Fiscal Year 2011 Adopted Budget reflects General Fund revenues and expenditures of \$1.10 billion, representing a decline of \$33.5 million or 3.0% over the Fiscal Year 2010 Adopted Budget. The Fiscal Year 2011 Adopted Budget includes 7,067.98 budgeted full time equivalent (FTE) positions, a decrease of 328.94 FTE positions over the Fiscal Year 2010 Budget. The net decrease in General Fund positions is primarily due to the reduction of 485.16 FTE positions as part of the revised Fiscal Year 2010 Budget approved by the City Council that has been incorporated in the Fiscal Year 2011 Adopted Budget. These reductions were to City's critical services including brownouts in the Fire Department, reductions in lifeguard positions, and reductions in library hours. If the City's revenues improve, then the City's first priority would be to restore those critical services funded by General Fund that have been reduced this year due to the loss of revenue in fiscal year 2011.

(5) The City's Fiscal Year 2011 Adopted Budget, approved by the City Council in June 2010, 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 property tax, sales tax, TOT, and franchisee fees.

(6) The City's Capital Improvements Program (CIP) budget allocates existing funds and anticipated revenues to rehabilitate, restore, improve, enhance, and increase the City's capital facilities. This budget supports the design and construction of a wide range of infrastructure improvement projects and other significant capital infrastructure investments. The Fiscal Year 2011 CIP Adopted Budget totals \$299.6 million. This is a reduction of \$153.6 million or 33.9 percent from the Fiscal Year 2010 CIP Adopted Budget of \$453.2 million.

(7) Deferred capital projects remain one of the eight significant areas identified in the Five-Year Financial Outlook. Since Fiscal Year 2008, approximately \$142 million has been appropriated for facilities, streets, storm drain and other deferred capital projects, funded by proceeds from land sales, bond financing, and Proposition 1B funding. Another proposal for bond financing is anticipated to come before City Council in Fiscal Year 2012 to continue efforts to address the City's approximately \$900 million backlog of deferred projects.

(8) There are currently no funds allocated in the Fiscal Year 2011 Adopted CIP Budget to fund the Plaza Improvements.

(c) That the payment of Agency funds for construction and installation of the Plaza Improvements is consistent with the Implementation Plan for the Project Area pursuant to Health and Safety Code section 33490, in that:

(1) The Plaza Improvements address the specific goals and objectives of the Implementation Plan, as identified on page 11 of the work program which includes replacement of inadequate public improvements and the increase and enhancement of the amount of public open space to enhance downtown commercial districts and residential neighborhoods.

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

3. That the Council consents to the Agency's payment for the cost of the construction of the Plaza Improvements and the deposit of \$750,000 into a reserve account for

anticipated capital repairs and replacement costs using tax increment proceeds generated from the Project Area.

APPROVED: JAN I. GOLDSMITH, City Attorney

By Elisa A. Cusato  
Elisa A. Cusato  
Deputy City Attorney

EAC:nja  
12/20/10  
Or.Dept: CCDC  
R-2011-581  
PL#2010-01468  
Comp. R-2011-584  
RA-2011-62

I hereby certify that the foregoing Resolution was passed by the City Council of the City of San Diego, at this meeting of JAN 11 2011.

ELIZABETH S. MALAND  
City Clerk

By Mary Zumaya  
Deputy City Clerk

Approved: 1.16.11  
(date)

JSL  
JERRY SANDERS, Mayor

Vetoed: \_\_\_\_\_  
(date)

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JERRY SANDERS, Mayor