

**CITY COUNCIL OF THE CITY OF SAN DIEGO
SUPPLEMENTAL DOCKET NUMBER 1
FOR THE REGULAR MEETING OF
MONDAY, NOVEMBER 15, 2004 AT 2:00 P.M.
CITY ADMINISTRATION BUILDING
COUNCIL CHAMBERS – 12TH FLOOR
202 “C” STREET
SAN DIEGO, CA 92101**

ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS
ORDINANCE TO BE INTRODUCED WITH RESOLUTIONS TO BE ADOPTED:

ITEM-S400: Fifth Implementation Agreement to the Disposition and Development Agreement (DDA) and Related Documents – Las Americas Project.

(See Redevelopment Agency Report RA-04-41/CMR-04-233. San Ysidro Community Area. District 8.)

CITY MANAGER’S RECOMMENDATION:

Introduce the following ordinance in Subitem A and adopt the resolutions in Subitems B, C, and D:

Subitem-A: (O-2005-58)

Introduction of an Ordinance authorizing the City Manager to execute the amended and restated Second Amendment to the Public Use Lease Agreement (Parcel A-1) with International Gateway Associates, LLC.

Subitem-B: (R-2005-494)

Approving: 1) amendment to Public Use Lease (Parcel B/C); 2) Second Amendment to overall Reciprocal Easement Agreement (REA); 3) subsequent Parcel A-1/Civic Parcel/Parcel A-3 REA; 4) Quitclaim Deed for Library Airspace Parcels; and 5) Grant Deed for Civic Parcel, all in conjunction with the Disposition and Development Agreement (DDA) with International Gateway Associates, LLC for the Las Americas Project;

ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS (Continued)
ORDINANCE TO BE INTRODUCED WITH RESOLUTIONS TO BE ADOPTED:
(Continued)

ITEM-S400: (Continued)

Subitem-B: (Continued)

Stating for the record that the Environmental Impact Report SCH No. 95-101015 (adopted April 2, 1996 by Council Resolution No. R-287149) and Mitigated Negative Declaration (adopted May 12, 1998 by Council Resolution No. R-290105) covering this activity has been reviewed and considered, and directing the City Clerk to file a Notice of Determination in accordance therewith.

Subitem-C: (R-2005-495)

Approving a Cooperation Agreement with the Redevelopment Agency of the City of San Diego for the Conveyance and Oversight of the Civic Parcel at the Las Americas site, within the San Ysidro Redevelopment Project Area.

Subitem-D: (R-2005-496)

Initiating a Community Plan Amendment to make appropriate changes to the San Ysidro Community Plan in order to implement the Mi Pueblo Pilot Village in the San Ysidro Community Planning Area.

CITY MANAGER'S SUPPORTING INFORMATION:

The following is a summary of actions associated with this item:

Amended and Restated Second Amendment to Public Use Lease (Parcel A-1)

- The City had until 9/30/03 to acquire the funding to build a library on the second story above retail. Since the deadline has passed, the reversionary clause of the lease will be exercised, and the City will quitclaim the two airspace parcels back to the developer.
- Minor adjustment to the location of the Park and Ride facility.
- The lease payment schedule, which was adjusted with the Fourth Implementation Agreement, will revert back to the original schedule: Total Principal of \$6,306,000; annual payments of \$496,402 for 30 years with a 2-tier interest rate: \$1,145,000 at 10%; \$5,161,000 at 6%. Annual payments expected to begin in approximately November 2006, once City has received the necessary sales tax revenue.

ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS (Continued)
ORDINANCE TO BE INTRODUCED WITH RESOLUTIONS TO BE ADOPTED:
(Continued)

ITEM-S400: (Continued)

CITY MANAGER'S SUPPORTING INFORMATION: (Continued)

Grant Deed for Civic Parcel

- The developer will grant to the City an approximately 26,500 sf parcel valued at \$3.5 million for civic uses. Value based on the land, entitlements, perpetual Common Area Maintenance relief and an easement for 134 parking spaces.
- The City has 84 months to either build on the property or sell it; at the end of 84 months, the developer may repurchase the property for \$1.25 million plus an annual inflation factor.

Second Amendment to Overall Reciprocal Easement Agreement

- Allocates rights and obligations of three parcels including the Civic Parcel, giving the City all the benefits of being in the integrated development without having to bear its proportionate share of the obligations.
- Assures that users on neighboring parcels cannot object to the development of a civic building on the Civic Parcel nor to a residential development on Parcel A-3.

Subsequent Parcel A-1/Civic Parcel/Parcel A-3 Reciprocal Easement Agreement

- Provides Civic Parcel with access to Las Americas Shopping Center common areas, maintenance of streetscape and landscape surrounding the Civic Parcel building, a parking easement for 134 parking spaces and restrictions on the uses permitted within the Civic Parcel.
- Developer absorbs the Civic Parcel's share of Common Area Maintenance fees in perpetuity.
- Allows City to sell Civic Parcel to third party, but gives the developer the right of first refusal to match the third party's terms.

Cooperation Agreement between the City and the Agency

- The City will retain ownership of the Civic Parcel; the Agency will lead in the planning and redevelopment of the parcel on the City's behalf.

ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS (Continued)
ORDINANCE TO BE INTRODUCED WITH RESOLUTIONS TO BE ADOPTED:
(Continued)

ITEM-S400: (Continued)

CITY MANAGER'S SUPPORTING INFORMATION: (Continued)

Fifth Implementation Agreement to the Las Americas DDA

- Adjusts the boundaries of former parcels A-1, A-2 and A-3 to new parcels A-1, Civic Parcel, and A-3;
- Authorizes the conveyance of Civic Parcel to the City for future redevelopment.
- Authorizes a change in use for parcel A-3 from commercial to residential.
- Authorizes the developer to reduce the square footage of improvements on Parcel A-1 from 270,000 sf to 188,272 sf;
 - Pro-rates the principal amount of the related Loan Agreement from \$1,780,000 to \$1,246,758 to reflect the reduced square footage on Parcel A-1 and the change in use of Parcel A-3 from commercial to residential; 30-year loan at 10% annual interest. Annual payments of \$132,255 expected to begin in November 2006.
 - Results in savings of \$530,000 in loan principal or \$1.7 million over 30 years.
- Revises the Schedule of Performance and Public Use Lease payment schedule to reflect changes in construction phasing and to extend to June 30, 2005, the developer's ability to pursue the presidential Permit for the River Pedestrian Bridge on behalf of the City.

Other Actions

- Reinforce the City's commitment to analyzing the feasibility of pursuing and reapplying for a Presidential Permit through the US State Department for implementation of the Las Americas River Pedestrian Bridge connecting San Diego and Tijuana.
- Approve initiation of an amendment to the San Ysidro Community Plan for implementation of Mi Pueblo Pilot Village Project.

FISCAL IMPACT:

For the City: The Amended and Restated Second Amendment to Public Use Lease (Parcel A-1) proposes to modify the Lease's economic plan by reverting the rent payment schedule back to its original state as agreed upon in 2001 (MR #01-035). The principal amount of \$6,306,000 will not change, but the full annual rent payments will be \$496,402 to be paid from City sales tax beginning in FY 2007 after Phase 1B1 is developed with 188,232 square feet of building space.

ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS (Continued)
ORDINANCE TO BE INTRODUCED WITH RESOLUTIONS TO BE ADOPTED:
(Continued)

ITEM-S400: (Continued)

FISCAL IMPACT: (Continued)

The Agreement also requires an annual reserve allocation. For parcel A, the reserve allocation is equivalent to all excess dollars above and beyond the lease payment. This amount is to be deposited into a reserve account until a cap is reached at \$588,096 once in the life of the lease. The Lease Payments and reserve allocation will be made provided that the project development generates at least that amount of sales tax revenues to the City. The reserve requirement will be calculated annually. The only substantive change to the economic plan is such that the minimum threshold of building space to be developed as a condition for receiving the full rent payment is being reduced by approximately 20,000 square feet.

For the Agency: The Parcel A-1 Loan Agreement's principal amount owed by the Agency will be reduced from the DDA's proposed \$1,780,000 amount to \$1,246,758, saving the Agency \$533,242 in principal, or \$1,696,977 over 30 years.

Cunningham/RC

NOTE: See Redevelopment Agency Agenda of 11/15/2004 for a companion item.

ADOPTION AGENDA, DISCUSSION, HEARINGS

NOTICED HEARINGS:

ITEM-S401: North Embarcadero Visionary Plan: Cleanup Plan and Ordinance Amendments.

(See Centre City Development Corporation Report CCDC-04-26. Columbia Redevelopment District and Marina Sub Area of the Expansion Sub Area of the Centre City Redevelopment Project. District-2.)

CENTRE CITY DEVELOPMENT CORPORATION'S RECOMMENDATION:

Introduce the ordinance in Subitem A and adopt the resolution in Subitem B:

Subitem-A: (O-2005-63)

Introduction of an Ordinance amending Chapter 10, Article 3, of the San Diego Municipal Code by amending Sections 103.1904, 103.1910, 103.1915, 103.1918, 103.1925, 103.1933, 103.1936, all relating to the Centre City Planned District Ordinance.

Subitem-B: (R-2005-414)

Adopting amendments to the Centre City Community Plan pertaining to the North Embarcadero Visionary Plan.