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THE CITY OF SAN DIEGO

DATE ISSUED: October 24, 2007 REPORT NO: RA-07-30
RTC-07-161

ATTENTION: Honorable Chair and Members of the Redevelopment Agency,
Council President and City Council
Docket of October 30, 2007

SUBJECT: Funding for the Barrio Logan Redevelopment Project Area

REQUESTED ACTION:

Should the Redevelopment Agency:

1. Authorize a loan repayment to the City of San Diego in the amount of \$675,000 from the North Park Redevelopment Project Area?
2. Accept the transfer of \$675,000 from the City of San Diego as an interest bearing loan to be used for the Barrio Logan Redevelopment Project Area?
3. Amend the Fiscal Year 2008 budget for the Barrio Logan Redevelopment Project Area to increase the appropriation authorize expenditures up to \$675,000 for the purposes and benefit of the Project Area?
4. Amend the Fiscal Year 2008 budget for the North Park Redevelopment Project Area to include the anticipated \$1,786,000 of tax increment surplus and authorize the expenditure thereof for the purposes of the North Park Redevelopment Project Area?

Should the City Council:

1. Accept a loan repayment from the North Park Redevelopment Project Area to the City of San Diego in the amount of \$675,000.
2. Authorize the transfer of \$675,000 as an interest bearing loan to be used in the amended Fiscal Year 2008 Agency budget for the Barrio Logan Redevelopment Project Area?

STAFF RECOMMENDATION:

It is recommended the Redevelopment Agency adopt resolutions to:

1. Authorize a loan repayment to the City of San Diego in the amount of \$675,000 from the North Park Redevelopment Project Area.



Redevelopment Agency

1200 Third Avenue, Suite 1400, MS 56D • San Diego, CA 92101-4110
Tel (619) 236-6700 Fax (619) 533-3219

City Planning & Community Investment



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Chair and Members of the Redevelopment Agency
Council President and City Council
Docket of October 30, 2007
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2. Accept the transfer of \$675,000 from the City of San Diego as an interest bearing loan to be used for the Barrio Logan Redevelopment Project Area.
3. Amend the Fiscal Year 2008 budget for the Barrio Logan Redevelopment Project Area to increase the appropriation authorize expenditures up to \$675,000 for the purposes and benefit of the Project Area.
4. Amend the Fiscal Year 2008 budget for the North Park Redevelopment Project Area to include the anticipated \$1,786,000 of tax increment surplus and authorize the expenditure thereof for the purposes of the North Park Redevelopment Project Area.

It is recommended the City Council adopt resolutions to:

1. Accept a loan repayment from the North Park Redevelopment Project Area to the City of San Diego in the amount of \$675,000.
2. Authorize the transfer of \$675,000 as an interest bearing loan to be used in the amended Fiscal Year 2008 Agency budget for the Barrio Logan Redevelopment Project Area.

SUMMARY:

The Barrio Logan Redevelopment Project Area is experiencing cash flow difficulties due to extended litigation expenses. The proposed reloan will stabilize the Project Area's cash flow.

FISCAL CONSIDERATIONS:

The proposed reloan to Barrio Logan will be accomplished by the repayment of existing debt (debt to the City) from the North Park Redevelopment Project Area. The North Park Redevelopment Project Area will repay \$675,000 of debt owed to Fund 10227 (Sales Tax Revenue). This fund transfer is made possible without impacting the project area work plan because tax increment revenue is expected to exceed the budget forecast. Based on the July assessed valuation from the County of San Diego, the revised projection for FY 2008 tax increment revenue for the North Park Redevelopment Project Area is \$7.85 million, or \$1.79 million higher than the FY 2008 budgeted projection of \$6.06 million. After required deductions for the Low and Moderate Income Housing Fund and taxing agencies reserves, a net surplus of \$1.07 million is anticipated and can be accessed to fund the reloan.

In regards to the loan to the Barrio Logan Redevelopment Project Area, interest will be charged to the loan at the Prime Rate, plus 2% as specified for all City loans to the

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Chair and Members of the Redevelopment Agency
Council President and City Council
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Redevelopment Agency per City Council Resolution R-284215, (Adopted July, 28, 1993). The actual rate charged would be updated annually as prescribed in the aforementioned resolution.

PREVIOUS AGENCY, COUNCIL and/or COMMITTEE ACTION:

None

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

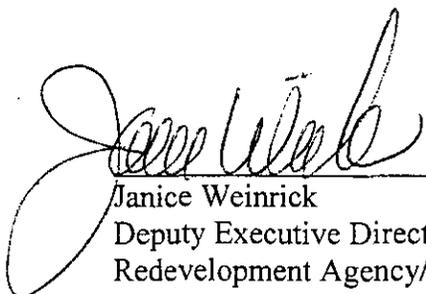
Due to the timing of this proposal and the desire to enable the Barrio Logan Redevelopment Project Area to have cash for business transactions as soon as possible, it was not possible to formally present this proposal to the North Park Project Area Committee (PAC). Staff however, has briefed the PAC leadership on this proposal.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

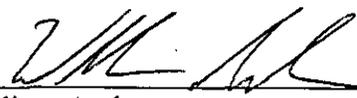
As the reloan is being made possible through over-budget revenue, the North Park Redevelopment Project Areas is able pay off project-area debt to the City and simultaneously provide needed cash to the Barrio Logan Redevelopment Project Area without compromising the North Park work plan. Thus, the residents and businesses of the North Park Redevelopment Project Area will experience no adjustment to the level of redevelopment activities underway within the community. Additionally, the residents and businesses of the Barrio Logan Redevelopment Project Area will benefit from the continuation of redevelopment efforts within the community.

Respectfully submitted:

Approved:



Janice Weinrick
Deputy Executive Director
Redevelopment Agency/
Assistant Director
City Planning & Community Investment



William Anderson
Assistant Executive Director
Redevelopment Agency/
Deputy Chief Operating Officer
Land Use and Economic Development

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REQUEST FOR COUNCIL ACTION
CITY OF SAN DIEGO

1. CERTIFICATE NUMBER
(FOR AUDITOR'S USE ONLY)

TO:
CITY ATTORNEY

2. FROM (ORIGINATING DEPARTMENT):
City Planning & Community Investment -
Redevelopment Division

3. DATE:
10/16/2007

4. SUBJECT:
Funding for the Barrio Logan Redevelopment Project Area (Companion to Redevelopment Agency)

5. PRIMARY CONTACT (NAME, PHONE & MAIL STA.)
Scott Mercer, 236-6242, MS 56D

6. SECONDARY CONTACT (NAME, PHONE & MAIL STA.)
Janice Weinrick, 236-6250

7. CHECK BOX IF REPORT TO COUNCIL IS ATTACHED

8. COMPLETE FOR ACCOUNTING PURPOSES

FUND	10227		
DEPT.	10227		
ORGANIZATION			
OBJECT ACCOUNT	4881		
JOB ORDER	0989xx		
C.I.P. NUMBER	n/a		
AMOUNT	\$675,000		

9. ADDITIONAL INFORMATION / ESTIMATED COST:
Upon receipt of \$675,000 (debt repayment of Sales Tax funds) from the North Park Redevelopment Project Area - immediate transfer as an interest bearing loan to the Barrio Logan Redevelopment Project Area.

10. ROUTING AND APPROVALS

ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
1	ASSISTANT DIRECTOR, CPCI	JANICE L. WEINRICK <i>[Signature]</i>	10/16/07	7	DCOO, LAND USE & ECONOMIC DEVELOPMENT	WILLIAM ANDERSON <i>[Signature]</i>	10-16-07
2	CDBG ADMIN	N/A		8	AGENCY COUNSEL	HUSTON CARLYLE <i>[Signature]</i>	10-16-07
3	FINANCIAL MANAGEMENT	IRINA KUMITS <i>[Signature]</i>	10/16/07	9	ORIGINATING DEPARTMENT	SCOTT MERCER <i>[Signature]</i>	10-17-07
4	CCDC	N/A		10	LIAISON OFFICE	ED PLANK <i>[Signature]</i>	10/17
5	SEDC	N/A		11	RULES	MICHELLE STRAUSS <i>[Signature]</i>	10/17/07
6	CITY AUDITOR	ROLANDO CHARVEL <i>[Signature]</i>	10/16/07	12	REDEVELOPMENT AGENCY SECRETARY	JEANNETTE I. SANTOS <i>[Signature]</i>	10/31/07

11. PREPARATION OF: RESOLUTION(S) ORDINANCE(S) AGREEMENT(S) DEED(S)

- Accepting a sales tax loan repayment from the Redevelopment Agency to Fund 10227, Contributions to Redevelopment Agency, in the amount of \$675,000 from the North Park Redevelopment Project Area.
- Authorizing the transfer of \$675,000 from the City of San Diego Fund 10227, Contributions to Redevelopment Agency, to the Redevelopment Agency as an interest bearing sales tax loan to be used in the Fiscal Year 2008 project budget for the Barrio Logan Redevelopment Project Area.

Docket of: October 30, 2007

11A. STAFF RECOMMENDATIONS:
Approve the resolutions.

12. SPECIAL CONDITIONS:

COUNCIL DISTRICT(S): 3, 8

COMMUNITY AREA(S): Barrio Logan, North Park

ENVIRONMENTAL IMPACT: This activity is not a "project" and therefore exempt from CEQA pursuant to State CEQA Guidelines Section 15060(c)(3).

HOUSING IMPACT: None with this action.

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EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO

DATE ISSUED: October 24, 2007 REPORT NO: RA-07-30
RTC-07-161

ATTENTION: Honorable Chair and Members of the Redevelopment Agency,
Council President and City Council
Docket of October 30, 2007

ORIGINATING DEPARTMENT: Redevelopment Agency

SUBJECT: Funding for the Barrio Logan Redevelopment Project Area

COUNCIL DISTRICT(S): 3, 8

CONTACT/PHONE NUMBER: Scott Mercer/619-236-6242

REQUESTED ACTION:

Should the Redevelopment Agency:

1. Authorize a loan repayment to the City of San Diego in the amount of \$675,000 from the North Park Redevelopment Project Area?
2. Accept the transfer of \$675,000 from the City of San Diego as an interest bearing loan to be used for the Barrio Logan Redevelopment Project Area?
3. Amend the Fiscal Year 2008 budget for the Barrio Logan Redevelopment Project Area to increase the appropriation authorize expenditures up to \$675,000 for the purposes and benefit of the Project Area?
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Should the City Council:

1. Accept a loan repayment from the North Park Redevelopment Project Area to the City of San Diego in the amount of \$675,000?
2. Authorize the transfer of \$675,000 as an interest bearing loan to be used in the amended Fiscal Year 2008 Agency budget for the Barrio Logan Redevelopment Project Area?

STAFF RECOMMENDATION: Adopt the resolutions.

EXECUTIVE SUMMARY:

The Barrio Logan Redevelopment Project Area is experiencing cash flow difficulties due to extended litigation expenses. The proposed reloan will stabilize the Project Area's cash flow.

FISCAL CONSIDERATIONS:

The proposed reloan to Barrio Logan will be accomplished by the repayment of existing debt (debt to the City) from the North Park Redevelopment Project Area. The North Park Redevelopment Project Area will repay \$675,000 of debt owed to Fund 10227 (Sales Tax Revenue). This fund transfer is made possible without impacting the project area work plan because tax increment revenue is expected to exceed the budget forecast.

Interest on the loan to the Barrio Logan Redevelopment Project area will be charged at the Prime Rate + 2% as specified by City Council Resolution R-284215.

PREVIOUS AGENCY, COUNCIL and/or COMMITTEE ACTION:

None

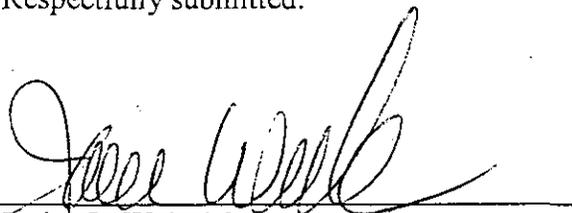
COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

Due to the timing of this proposal and the desire to enable the Barrio Logan Redevelopment Project Area to have cash for business transactions as soon as possible, it was not possible to formally present this proposal to the North Park Project Area Committee (PAC). Staff however, has briefed the PAC leadership on this proposal.

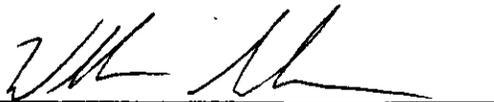
KEY STAKEHOLDERS AND PROJECTED IMPACTS:

As the reloan is being made possible through over-budget revenue, the North Park Redevelopment Project Areas is able pay off project-area debt to the City and simultaneously provide needed cash to the Barrio Logan Redevelopment Project Area without compromising the North Park work plan. Thus, the residents and businesses of the North Park Redevelopment Project Area will experience no adjustment to the level of redevelopment activities underway within the community. Additionally, the residents and businesses of the Barrio Logan Redevelopment Project Area will benefit from the continuation of redevelopment efforts within the community.

Respectfully submitted:



Janice L. Weinrick
Deputy Executive Director
Redevelopment Agency/
Assistant Director,
City Planning & Community Investment



William R. Anderson
Assistant Executive Director,
Redevelopment Agency/
Deputy Chief Operating Officer
Land Use and Economic Development

RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING THE ACCEPTANCE OF FUNDS IN THE AMOUNT OF \$675,000 FROM THE NORTH PARK REDEVELOPMENT PROJECT IN PARTIAL LOAN REPAYMENT AND APPROPRIATION AND EXPENDITURE OF A NEW LOAN OF \$675,000 TO THE REDEVELOPMENT AGENCY FOR THE BARRIO LOGAN PROJECT AREA.

WHEREAS, the City of San Diego [City] has loaned funds to the Redevelopment Agency of the City of San Diego [Agency] to assist redevelopment project areas to realize their project objectives; and

WHEREAS, the North Park Redevelopment Project area has generated surplus tax increment; and

WHEREAS, the Agency seeks to repay a portion of the loan from City to Agency from the North Park Redevelopment Project area; and

WHEREAS, the Barrio Logan Redevelopment Project area is experiencing a deficit in tax increment funds compared to its costs and expenditures and seeks a loan from the City;

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

1. That the City accepts a Sales Tax loan repayment from the Redevelopment Agency in the amount of \$675,000 from the North Park Redevelopment Project Area to the City Sales Tax Fund No. 10227.
2. That the City authorizes the transfer of \$675,000 from the City Sales Tax funds to

the Redevelopment Agency for the Barrio Logan Project Area as an interest bearing Sales Tax loan to provide funds for appropriate project expenses in the Fiscal Year 2008 Redevelopment Agency Budget.

3. That the City Comptroller is directed to record the aforementioned transfer from the City as an interest bearing Sales Tax loan to the Redevelopment Agency to be repaid as soon as practicable from tax increment or other appropriate revenues, from the Barrio Logan Redevelopment Project Area.

BE IT FURTHER RESOLVED, that this activity is not a "project" and is therefore exempt from CEQA pursuant to State CEQA Guidelines Section 15060(c)(3).

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By 
Carol A. Leone
Deputy City Attorney

CAL:cfq
10/15/07
Or.Dept:R.A.
R-2008-332
Redevelopment:Companion RA-2008-51
MMS#5404