

ATTACHMENT D

**CENTRE CITY AND HORTON PLAZA REDEVELOPMENT PROJECT AREAS
SAN DIEGO, CALIFORNIA**

**SUMMARY PERTAINING TO THE USE OF TAX INCREMENT
FOR THE BAYSIDE FIRE STATION**

**Pursuant to California Community Redevelopment Law
Health and Safety Code Sections 33445 and 33679**

THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO

July 2009

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I. INTRODUCTION

The Redevelopment Agency of the City of San Diego, California ("Agency") is considering the use of tax increment generated from the Centre City Redevelopment Project Area ("Centre City Project Area") and the Horton Plaza Redevelopment Project Area ("Horton Plaza Project Area") to fund the design and construction of City of San Diego's Bayside Fire Station ("Bayside Station"), which will be located within the Centre City Project Area. The Bayside Station will provide fire and life safety services to residents, businesses and occupants located within the Centre City Project Area and the Horton Plaza Project Area. Collectively, the Centre City Project Area and Horton Plaza Project Area are referred to herein as "the Project Areas."

The Agency would fund the design and construction of the Bayside Station to be located at the southeast corner of Pacific Highway and Cedar Street ("Site"), in the Little Italy neighborhood and within the Centre City Project Area. The Bayside Station is envisioned to be an estimated 19,000 square-foot, stand-alone station that will include three apparatus bays to house engine, truck, medic or other fire-rescue vehicles. The station will house and provide working quarters for up to 12 personnel, and provide a single, below-grade parking level with approximately 15 regular and one handicap accessible parking spaces.

The Centre City Public Facilities Financing Plan (April 2005) and Downtown Community Plan (March 2006) anticipated the need for new fire-rescue facilities in the downtown area to accommodate a growing population with an increasing demand for emergency services. During the research, development and adoption of the two plans, the Centre City Development Corporation ("CCDC") and the City of San Diego's Fire-Rescue Department ("Fire-Rescue") collaborated to select sites to accommodate two new fire stations in downtown. Efforts were focused on finding priority sites in two areas, including the western waterfront area intended to be covered by the Bayside Station, where additional stations and personnel were determined necessary to decrease response time and provide adequate coverage in the downtown area.

In early 2006, the Agency, through CCDC, purchased the Site for the purpose of developing a future fire station for the City of San Diego ("City"). The Site met the crucial requirements that a new station be located west of the railroad tracks in downtown to address emergency response delays resulting from rail activity, and be approximate to the Harbor Drive/Pacific Highway corridor for easier access to all downtown waterfront properties.

Fire-Rescue has developed a Fire Station Master Plan (FSMP) for City-wide fire station planning and prioritization purposes and, in accordance with the City's General Plan, as a means of identifying the communities in which additional fire stations are needed to achieve service level objectives. Of the 16 City fire stations that are in various stages of

planning and development, and considering the principal risk factors used within the FSMP to evaluate community needs for new fire stations, the FSMP places the Bayside Station as Priority #6.

Unfortunately, due to the City's inability to issue bonds in recent years or provide other sources of funding for the project, the Bayside Station cannot move forward to design and construction without Agency assistance. Fire-Rescue has determined that its ability to provide adequate service to the downtown area would be hampered if the project does not proceed at this time.

This Summary was prepared in accordance with Sections 33445 and 33679 of the California Community Redevelopment Law in order to inform the Agency and the public about the use of Agency funds. This Summary describes and specifies:

- a. The costs to the Agency for design and construction of the Bayside Station;
- b. That the Bayside Station is of benefit to the Project Areas and the immediate neighborhoods;
- c. That there are no other reasonable means of financing the project that are available to the City of San Diego;
- d. That the payment to be provided by the Agency will assist in the elimination of one or more blighting conditions within the Project Areas and is consistent with the "Fourth Implementation Plan for the Horton Plaza & Centre City Redevelopment Projects For the Period July 2009 – June 2014" and provided for in the Centre City Project Area's Redevelopment Plan; and
- e. The redevelopment purposes for which Agency funds are being used.

II. COSTS TO THE AGENCY

The Bayside Station project budget appears below. The estimated costs to the Agency total \$19.2 million, which includes planning/design and construction. All of these costs are anticipated to be paid from Agency tax increment funds generated from the Project Areas. The estimated costs of fire-rescue vehicles and FF&E (furniture, fixtures and equipment) would be provided through Centre City development impact fees.

Item	Amount	Agency Budget Fiscal Year
Planning/Design	\$ 2,000,000	2009 and 2010
Construction	\$ 17,200,000	2010
Fire-Rescue Vehicles / FF&E	\$ 2,300,000	2010 and 2011
Total	\$ 21,500,000	

III. FACTS SUPPORTING THAT THE BAYSIDE STATION IS OF BENEFIT TO THE PROJECT AREAS AND THE IMMEDIATE NEIGHBORHOODS

The subject improvements for which the Agency proposes to pay will benefit the Project Areas and the immediate neighborhoods in which the project is located in that:

- a. Bayside Station is located within the Centre City Project Area, and specifically within the Little Italy neighborhood;
- b. Bayside Station is envisioned to include three apparatus bays to house engine, truck, medic or other fire-rescue vehicles, providing service primarily to the downtown area west of the railroad tracks to address emergency response delays resulting from rail activity and along the Harbor Drive/Pacific Highway corridor for easier access to all downtown waterfront properties. This area not only includes the Little Italy neighborhood, but also a major portion of the entire Centre City Project Area and surrounding communities. Depending upon emergency events and needs, Bayside Station is intended to serve both the Centre City Project Area and Horton Plaza Project Area, and surrounding communities as part of the larger fire station system operated by the City;
- c. The City's FSMP determined that the areas to be primarily-served by the Bayside Station are in need of a new station because existing fire-rescue resources serving the areas are challenged in meeting targeted emergency response times, as well as exceeded three of the four principal risk factors (response time compliance, annual incident response volume, square miles protected, firefighter to 1,000 population) used in analyzing community fire resources needs;
- d. Currently, the Centre City Project Area contains only two other fire stations within its boundaries (Station 1, constructed in 1971, located at Front and B streets and Station 4, constructed in the late 1930s, located at Eighth Avenue and J Street) to serve an estimated downtown residential population of over 30,000 persons and employment population of approximately 75,000 workers;
- e. Currently, the Horton Plaza Project Area does not contain any fire stations within its boundaries, and depends upon emergency response coverage provided by existing stations located within the Centre City Project Area and any future stations constructed in the downtown area. The Bayside Station would be located approximately one-half mile from the northwestern edge of the Horton Plaza Project Area. Further, the Horton Plaza Project Area is completely surrounded by the Centre City Project Area and is treated by Fire-Rescue as part of the larger downtown community in the provision of emergency services, and will benefit accordingly from the addition of a new fire station within close proximity to it;

- f. A substantial amount of development and redevelopment increasing residential and commercial densities throughout the Project Areas since the last downtown fire station (Station 1) was constructed in 1971 has greatly increased the need for reliable fire prevention and response;
- g. The Bayside Station will help maintain a safe and livable downtown environment, by allowing the City to ensure appropriate levels of fire-rescue services proportionate to population and activity level within the coming years; and
- h. The Bayside Station will fulfill the requirements of the "Fourth Implementation Plan for the Horton Plaza & Centre City Redevelopment Projects For the Period July 2009 – June 2014."

IV. FACTS SUPPORTING THAT NO OTHER REASONABLE MEANS OF FINANCING ARE AVAILABLE TO THE COMMUNITY

There are no other reasonable means available to the City of San Diego ("City") for financing the Bayside Station in that:

- a. In Fiscal Year 2009, the 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 improvements such as the Bayside Station.
- 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, 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 such as the Bayside Station this fiscal year.

- f. 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 economic downturn and negative growth rates for some major revenues. (Resolution # R304728/Agency Report CCDC-09-07)

V. FACTS SUPPORTING THAT THE PAYMENT PROVIDED BY THE AGENCY WILL ASSIST IN THE ELIMINATION OF BLIGHTING CONDITIONS AND IS CONSISTENT WITH THE IMPLEMENTATION PLAN

The payment of Agency funds toward the cost of the Bayside Station will assist in the elimination of one or more blighting conditions inside the Project Areas, and the proposed project is consistent with the "Fourth Implementation Plan for the Horton Plaza & Centre City Redevelopment Projects For the Period July 2009 – June 2014" adopted pursuant to Health and Safety Code 33490, in that:

a. Elimination of Blighting Conditions:

- i. Emergency response services are integral to the City, supporting the health, safety and welfare of the general public. Providing these services at adequate levels is critical to maintaining the health, safety and welfare of the downtown neighborhoods, as well as protecting sound maintenance of downtown properties. Increased densities and population growth in downtown, plus construction of taller buildings and traffic circulation challenges, create a need for improving and maintaining adequate emergency response service levels and response times through the addition of new fire-rescue facilities;
- ii. The deferred design and construction of the Bayside Station could have a negative impact on the operational performance of Fire-Rescue, especially emergency response times for calls requiring assistance from other stations currently serving the Project Areas, thereby leading to future blighting conditions caused by fires and other emergencies and diminishing the viability of residential and commercial areas. The project would therefore assist in the elimination of blighting conditions caused by fires and other emergencies since the City would have a facility to serve the neighborhoods immediately surrounding Bayside Station and all of downtown;
- iii. The Bayside Station project will redevelop an underutilized, low density site that is well-positioned for providing fire-rescue services to an underserved area of downtown; and
- iv. A new fire station that augments the efforts of existing downtown stations and improves public safety services will assist in attracting private investment and promoting economic development opportunities needed to eliminate blight existing in the Project Areas.

b. Consistent with the Implementation Plan:

- i. The project is included in the work program of and consistent with the "Fourth Implementation Plan for the Horton Plaza & Centre City Redevelopment

Projects For the Period July 2009 – June 2014” adopted June 19, 2009, pursuant to Health and Safety Code 33490 in that miscellaneous public improvements and facilities needed within, or to serve, the various areas of the Project Areas are proposed. These improvements and facilities will ensure adequate fire and life safety facilities, such as Bayside Station, for existing and future development.

VI. FACTS SUPPORTING THAT THE PAYMENT PROVIDED BY THE AGENCY IS PROVIDED FOR IN THE REDEVELOPMENT PLAN

The payment of Agency funds toward the cost of the Bayside Station is provided for in Section 440.2 of the Redevelopment Plan for the Centre City Redevelopment Project, which provides, in relevant part, that “to the extent and in the manner permitted by law, the Agency is authorized to install and construct, or cause to be installed or constructed, the public improvements and public utilities (within or outside the Project Area) necessary to carry out the Plan.” As previously mentioned in Section V of this Summary, the project is included in the work program of and consistent with the “Fourth Implementation Plan for the Horton Plaza & Centre City Redevelopment Projects For the Period July 2009 – June 2014,” which is intended to carry out Section 440.2 of the Redevelopment Plan.

VII. THE REDEVELOPMENT PURPOSE FOR WHICH AGENCY FUNDS ARE BEING USED

The redevelopment purpose for which Agency funds are being used to pay for the Bayside Station is to assure that downtown residents, employees and visitors have access to quality fire and life safety services in the context of a safe and secure environment. As the redevelopment of downtown continues and the number of residents, employees and visitors grows, it is also important to assure that adequate facilities are available for fire and rescue officers to efficiently and effectively perform their fire and life safety functions. Furthermore, the design and construction of an important City facility such as Bayside Station is an important redevelopment purpose and will assist in attracting private investment needed to eliminate blight existing in the Project Areas.