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THE CITY OF SAN DIEGO

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**OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT**

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**Date Issued:** March 5, 2009

**IBA Report Number:** 09-16

**City Council & Redevelopment Agency Docket Date:** March 10, 2009

**Item Numbers:** 334 & 1

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## **Second Amendment to Ballpark Cooperation Agreement**

### **OVERVIEW**

On Tuesday, March 10, 2009 the City Council and the Redevelopment Agency in a joint public hearing will consider approving a second amendment to the Ballpark Cooperation Agreement and make certain findings relating to additional payments by the Agency to the City associated with the debt service on bonds used to finance PETCO Park (City Council Item #334). The payments that are proposed would cover debt service of \$11.3 million per year for five years (Fiscal Years 2009 – 2013) totaling \$56.6 million.

In addition, the Redevelopment Agency is being asked to approve an amendment to the Fiscal Year 2009 Agency Budget (Centre City Project area) to increase the provision for City payments from \$5.0 million to \$11.3 million to accommodate the payments for debt service on the Ballpark Bonds (Redevelopment Agency Item #1).

This action is separate and apart from a pending proposal for CDBG loan repayments to the City from the Redevelopment Agency that is proposed to start in Fiscal Year 2014. This item is expected to come before the Council in the near future.

### **FISCAL/POLICY DISCUSSION**

#### **City of San Diego Impacts**

Prior to Fiscal Year 2009, the City allocated revenue from the Transient Occupancy Tax (TOT) Fund via the Special Promotional Programs budget to support PETCO Park operations and maintenance. This included the annual debt service payment of approximately \$11.3 million. To partially offset these costs, the Mayor included \$5.0 million in repayments from the Redevelopment Agency as part of his Fiscal Year 2009 Proposed Budget. It was proposed that this source of revenue would be utilized to fund PETCO park debt service payments which in turn would free up revenue that could be used for other General Fund expenses. After reviewing the Mayor's Fiscal Year 2009

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Budget and meeting with Centre City Development (CCDC) staff, the IBA proposed increasing the repayment from \$5.0 million to \$7.5 million. This proposal was approved by the City Council on June 23, 2008 as part of their final approval of the Fiscal Year 2009 budget. However, the Redevelopment Agency Budget had previously been approved with the \$5.0 million payment amount.

In October 2009, the City Council was informed that due to declining revenue as a result of the economic crisis facing the country, the City's General Fund was projecting a \$43.0 million dollar deficit for Fiscal Year 2009 year end. In response, the City's Chief Operating Officer proposed increasing the Redevelopment Agency payment of the PETCO Park bonds from \$7.5 to \$11.3 million as one of the corrective actions to close the \$43.0 million deficit. The increase was approved by the City Council on December 9, 2009 as part of the corrective actions taken to close the \$43.0 million budget deficit.

It is important to note that if the City Council elected to not approve the second amendment to the Ballpark Cooperation Agreement and make the necessary findings relating to the additional payments by the Agency to the City, then the City's General Fund would be faced with an \$11.3 million deficit at year end. Due to the timing being late in the Fiscal Year, it would be extremely difficult to cover the \$11.3 million deficit without substantial service level cuts and/or a reduction to the City's reserves.

Additionally, the Mayor's current Five-Year Financial Forecast for Fiscal Years 2010-2014, which was finalized prior to the increase to \$11.3 million, assumes an annual Redevelopment Agency repayment of \$7.5 million through 2012 and increases to \$10.0 million in Fiscal Years 2013-2014. It is assumed that the Ballpark bond payments will revert back to the City starting in 2014 unless the issue is revisited, as this proposal is only for payments through Fiscal Year 2013. If the City Council elected to not approve the second amendment to the Ballpark Cooperation Agreement and make the necessary findings relating to the additional payments by the Agency to the City, then the General Fund could be faced with increased deficits through Fiscal Year 2013.

**City Council and Redevelopment Agency findings required for the Agency to assume debt payment of Ballpark Bonds**

The Redevelopment Agency is proposing to use Tax Increment for the Ballpark debt service payments. In order for the Redevelopment Agency to use the Tax Increment for the Ballpark Debt Service, the City Council and the Redevelopment Agency are required to make certain findings that include:

- The project (Ballpark) will benefit the redevelopment area.
- No other means of financing is reasonably available to the community.
- The expenditure will assist in the elimination of blight and is consistent with the implementation plan.

These findings are required according to Redevelopment Law, which limits an Agency's ability to utilize tax increment to pay for public improvements. Working with the Agency's Special Counsel, Murray Kane from Kane, Ballmer & Berkman, the

Redevelopment Agency has prepared a summary of facts addressing the findings required to use Tax Increment for Ballpark bond repayments. This document is included as part of staff's January 27, 2009 report to the City Council.

Based on information from CCDC staff, the financial findings are based on the Mayor's Fiscal Year 2009-2013 Five-Year Financial Forecast which anticipates significant General Fund deficits in each year. Additionally, the findings are consistent with those adopted by the City Council and the Redevelopment Agency to initially finance the Ballpark using Tax Increment. While our office has carefully reviewed the findings and have no issues, our review focused on the financial elements of the proposal leaving the merits of legal findings to the Redevelopment Agency's Special Counsel.

### **Impacts to Redevelopment Agency's Project Area Budget**

To fund the Ballpark debt service payment for Fiscal Year 2009, the Redevelopment Agency had included \$5.0 million in the Centre City Project Area budget which was approved by the Redevelopment Agency on May 20, 2008. For the additional \$6.3 million, the Agency is proposing to utilize funds from the "Future Year Project Carry Forward" line item included in the Fiscal Year 2009 Budget. This line item currently includes \$27.76 million and funds future projects such as parks and fire stations. For Fiscal Year's 2010-2013, the Agency will include the full \$11.3 million payment in the Centre City Project Area budget. Staff has indicated that with the Agency assuming the Ballpark Debt Service payments, the completion of some projects could be delayed.

### **Repayment of Community Development Block Grant (CDBG) Loans from the Redevelopment Agency to the City of San Diego**

As stated above, one item that will need to be addressed is the repayment of CDBG loans from the Redevelopment Agency to the City of San Diego. As of June 30, 2008, the Redevelopment Agency has a total of \$114.0 million in outstanding CDBG loans (Principal and Interest) that are owed to the City. In their December 30, 2008 Audit of the City's CDBG program, the Inspector General of the Housing and Urban Development Department (HUD) found that the City had legitimately loaned CDBG funds to the Agency project areas but failed to execute loan agreements and repayment schedules.

*With the Redevelopment Agency assuming the Ballpark Debt Service payments for Fiscal Years 2009-2013, it is unclear what the impact would be to the Agency if they are required by HUD to immediately start to repay the CDBG loans.* The Redevelopment Agency is expected to bring a plan for repayment of CDBG loans to the City Council in the near future.

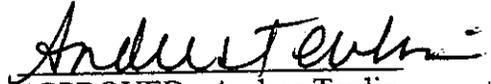
## **CONCLUSION**

The IBA supports the proposal for the Redevelopment Agency to pay the annual debt service payment for the ballpark for Fiscal Years 2009-2013. The IBA proposed and the Council approved increasing this payment from \$5.0 million to \$7.5 million in the Fiscal Year 2009 budget. In addition, our office and the City Council supported the Mayor's proposal to increase the repayment further to \$11.3 million in Fiscal Year 2009 as part of the mid-year corrective actions. We also understand that this specific proposal is for a five-year period and is consistent with the findings that no other reasonable means of

financing is available to the community during this time period. We would also note that the time period for the ballpark payments coincides with a second proposal being developed by the Agency to begin repaying the CDBG loans owed to the City beginning in Fiscal Year 2014. This is expected to come before the City Council in the very near future.



Jeffrey Sturak  
Fiscal & Policy Analyst



APPROVED: Andrea Tevlin  
Independent Budget Analyst

Centre City  
Development  
Corporation

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03/10

000709

REPORT NO. CCDC-09-07  
CCDC-09-04

DATE ISSUED: March 4, 2009

ATTENTION: Honorable Chair and Members of the Redevelopment Agency  
Council President and City Council  
Docket of March 10, 2009

ORIGINATING DEPT.: Centre City Development Corporation

SUBJECT: Second Amendment to Ballpark Cooperation Agreement – East Village  
Redevelopment District of the Expansion Sub Area of the Centre City  
Redevelopment Project – **JOINT PUBLIC HEARING**

COUNCIL DISTRICTS: Districts 2 & 8

REFERENCE: None

STAFF CONTACT: Frank Alessi, Vice President and Chief Financial Officer (619-533-7130)

REQUESTED ACTION: That the Redevelopment Agency (“Agency”) and the City Council approve a Second Amendment to Ballpark Cooperation Agreement (“Second Amendment”) and make certain findings relating to additional payments by the Agency to the City associated with debt service on bonds used to finance Petco Park.

STAFF RECOMMENDATION: That the Agency and the City Council approve a Second Amendment to Ballpark Cooperation Agreement (“Second Amendment”) and make certain findings that:

- The Baseball Park and Related Improvements are of benefit to the Centre City Redevelopment Project area and the immediate neighborhood in which the Project area is located;
- No other reasonable means of financing the additional payment for debt service on the financing of the Baseball Park and Related Improvements are available to the community;
- The additional payment of funds for debt service on financing the cost of the Baseball Park and Related Improvements will assist in the elimination of one or more blighting conditions inside the Project area; and
- The additional payment for debt service on financing the cost of the Baseball Park and Related Improvements is consistent with the Implementation Plan for the Project area adopted pursuant to Section 33490 of the California Community Redevelopment Law.

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**SUMMARY:** On February 22, 2000 the Agency entered into a Ballpark Cooperation Agreement (“Agreement”) between the Redevelopment Agency and the City of San Diego which authorized the Agency to pay for and implement certain activities for the development of the Baseball Park and Related Improvements. In May 2001, a First Amendment to the Agreement was entered into increasing the Agency’s investment in the Ballpark.

The development of the \$454 million Baseball Park was financed with \$95 million of downtown redevelopment tax increment funds, \$206 million from the City of San Diego and private funding by the Padres of \$153 million. Today, the City has approximately \$153 million outstanding in Lease Revenue Refunding Bonds, Series 2007A (“Ballpark Bonds”) relating to financing the Ballpark. The Ballpark Bonds have an annual debt service of approximately \$11.3 million.

The City experienced declining revenues in Fiscal Year 2008 and, with the continuation of slow economic growth, a further reduction of City revenues is expected in Fiscal Year 2009. To mitigate the City’s financial constraints a Second Amendment is proposed that provides payments from the Agency to the City for a portion of the debt service on the Ballpark Bonds. In addition, another item for action to be docketed at a later date is a Repayment Agreement that will provide a long-term schedule for the repayment of CDBG funds to the City from the Agency.

**FISCAL CONSIDERATIONS:** The payment proposed in the Second Amendment totals \$56.6 million from the Agency to the City over a five year period during Fiscal Years 2009-2013 to cover debt service in the Ballpark Bonds of approximately \$11.3 million annually. Due to the tax-exempt nature of the bonds, the source of funds for the payments made by the Agency to the City associated with debt service on the bonds will be tax increment.

**CENTRE CITY DEVELOPMENT CORPORATION RECOMMENDATION:**

On January 21, 2009, the Centre City Development Corporation Board voted unanimously on for approval of staff recommendations.

**COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:**

On January 14, 2009, Centre City Advisory Committee voted unanimously for approval of staff recommendations.

**BACKGROUND:** On February 22, 2000 the Agency entered into a Ballpark Cooperation Agreement (“Agreement”) between the Redevelopment Agency and the City of San Diego which authorized the Agency to pay for and implement certain activities for the development of the Baseball Park and Related Improvements. In May 2001, a First Amendment to the Agreement was entered into increasing the Agency’s investment for additional land assembly and to convey to the City the Ballpark Site. The development of the \$454 million Baseball Park was financed with \$95 million of downtown redevelopment tax increment funds, \$206 million from the City of San Diego and private funding by the Padres of \$153 million. Today, the City has approximately \$153 million outstanding in Ballpark Bonds relating to financing the Ballpark. The Ballpark Bonds have an annual debt service of \$11.3 million.

**DISCUSSION:** The proposed Second Amendment (Attachment A) provides for the Agency to increase its investment in the Ballpark and Related Improvements by making payments to the City to pay for debt service on the Ballpark Bonds.

The Summary Pertaining to the Additional Payments by the Agency for the Baseball Park and Related Improvements (Attachment B) describes the costs to be paid by the Agency under the Second Amendment and facts supporting certain findings of benefit including that the Baseball Park and Related Improvements are of benefit to the Centre City Redevelopment Project area and the immediate neighborhood in which the Project area is located; that no other reasonable means of financing the additional payment for debt service on the financing of the Baseball Park and Related Improvements are available to the community; that the additional payment of funds for debt service on financing the cost of the Baseball Park and Related Improvements will assist in the elimination of one or more blighting conditions inside the Project area; and that the additional payment for debt service on the financing of the cost of the Baseball Park and Related Improvements is consistent with the Implementation Plan for the Project area adopted pursuant to Section 33490 of the California Community Redevelopment Law.

**ENVIRONMENTAL IMPACT:** This activity is covered under (EIR SCH No. 98121003, dated September 13, 1999 Adopted October 26, 1999 by Council Resolution No. R-292363). The activity is adequately addressed in the environmental document and there is no change in circumstance, additional information, or project changes to warrant additional environmental review. Therefore, the activity is not a separate project for purposes of CEQA review pursuant to State CEQA Guidelines Section §15060(c)(3).

**CONCLUSION:** The City experienced declining revenues in Fiscal Year 2008 and, with the continuation of slow economic growth; a further reduction of City revenues is expected. To mitigate the City's financial constraints a Second Amendment is proposed that provides payments from the Agency to the City for a portion of the debt service on the Ballpark Bonds.

Respectfully submitted,

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Frank J. Alessi  
Vice President and Chief Financial Officer

**Attachments:** Attachment A – Second Amendment to Ballpark Cooperation Agreement  
Attachment B – Summary Pertaining to the Additional Payment by the Agency for the  
Baseball Park and Related Improvements

SECOND AMENDMENT TO  
BALLPARK COOPERATION AGREEMENT

THIS SECOND AMENDMENT TO BALLPARK COOPERATION AGREEMENT (this "Second Amendment") is entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 2009 by and between the Redevelopment Agency of the City of San Diego, a public body corporate and politic (the "Agency") and the City of San Diego, a municipal corporation (the "City").

WHEREAS, the Agency and the City have heretofore entered into that certain Ballpark Cooperation Agreement, approved and adopted on February 22, 2000 by Resolution No. R-03110 of the City Council of the City of San Diego, on file in the office of the City Clerk as Document No. 292800 and in the office of the Secretary of the Agency as Document No. 03110, as amended by that certain First Amendment, approved and adopted on May 1, 2001 by Resolution No. R-03327 of the City Council, on file in the office of the City Clerk as Document No. 294822 and in the office of the Secretary of the Agency as Document No. 03327 (collectively, the "Agreement"), for the development of a baseball park and related improvements (the "Ballpark and Related Improvements") within the East Village Redevelopment District of the Centre City Redevelopment Project Area; and

WHEREAS, in order to facilitate the financing of said Ballpark and Related Improvements, the City issued certain Lease Revenue Refunding Bonds, Series 2007A (the "Ballpark Bonds"), of which approximately \$153,000,000 remains outstanding, with a current annual debt service of approximately \$11,300,000; and

WHEREAS, the Agency and the City now desire to amend the Agreement to authorize the Agency to pay a total of \$56,596,750 toward the debt service of the Ballpark Bonds for fiscal years 2009-2013 as set forth more clearly in that certain schedule of payments (the "Schedule of Payments"), attached hereto and incorporated herein as Exhibit A, and to make other changes deemed appropriate by the parties; and

WHEREAS, consistent with Sections 33445 and 33679 of the California Community Redevelopment Law, the Agency and the City Council held a public hearing on the proposed increase in payment provided for in this Second Amendment; have duly published notice of such public hearing, and made copies of this Second Amendment and a summary of the facts supporting the proposed transaction available for public inspection and comment.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and promises contained herein, the parties hereto agree as follows:

SECTION 100            AMOUNT OF AGENCY PAYMENT

Section 400, Amount of Agency Payment, of the Agreement, as amended by Section 400 of the First Amendment, is hereby amended to read as follows:

ATTACHMENT A

000714

In addition to the amounts contemplated by Sections 101 and 102, and by the preceding paragraphs, the Agency is authorized to pay up to \$56,596,750 toward the debt service of certain Lease Revenue Refunding Bonds, Series 2007A issued by the City (referred to in the Second Amendment as the "Ballpark Bonds") for fiscal years 2009-2013 as set forth more clearly in that certain schedule of payments (the "Schedule of Payments"), attached to the Second Amendment and incorporated herein as Exhibit A.

Due to the tax-exempt nature of the bonds, the source of funds for the payments made by the Agency to the City associated with debt service on the bonds will be tax increment.

SECTION 200      EFFECT OF SECOND AMENDMENT

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Except as expressly provided by this Second Amendment, the Agreement shall remain unchanged and in full force and effect in accordance with its original terms and conditions.

[Intentionally left blank]

ATTACHMENT A

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IN WITNESS WHEREOF, this Agreement is executed by the Redevelopment Agency of the City of San Diego by and through its Executive Director, or designee, and this Agreement is executed by the City of San Diego by its Mayor, or designee.

REDEVELOPMENT AGENCY  
OF CITY OF SAN DIEGO

Date: \_\_\_\_\_

By: \_\_\_\_\_

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APPROVED AS TO FORM AND LEGALITY:  
JAN I. GOLDSMITH, General Counsel

By: \_\_\_\_\_  
Deputy City Attorney

KANE, BALLMER & BERKMAN

By: \_\_\_\_\_  
Murray O. Kane  
Agency Special Counsel

CITY OF SAN DIEGO

Date: \_\_\_\_\_

By: \_\_\_\_\_

APPROVED AS TO FORM AND LEGALITY:  
JAN I. GOLDSMITH, City Attorney

By: \_\_\_\_\_  
Deputy City Attorney

ATTACHMENT A

000716

EXHIBIT A

Schedule of Payments

<b>Fiscal Year</b>	<b>Payments</b>
2009	\$11,314,500
2010	\$11,320,750
2011	\$11,318,250
2012	\$11,322,000
2013	\$11,321,250
<b>Total:</b>	<b>\$56,596,750</b>

ATTACHMENT A

000717

CENTRE CITY REDEVELOPMENT PROJECT  
SAN DIEGO, CALIFORNIA

SUMMARY PERTAINING TO THE ADDITIONAL PAYMENT BY THE AGENCY FOR  
THE  
BASEBALL PARK AND RELATED IMPROVEMENTS

(California Community Redevelopment Law)  
Section 33679

PURSUANT TO A PROPOSED  
SECOND AMENDMENT TO THE BALLPARK COOPERATION AGREEMENT  
BY AND BETWEEN  
REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO  
AND  
CITY OF SAN DIEGO

Redevelopment Agency  
of the  
City of San Diego, California

February 17, 2009

ATTACHMENT B

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I. INTRODUCTION

The Redevelopment Agency of the City of San Diego, California (the "Agency"), is considering assisting the City of San Diego (the "City") in additional financing of the development of a Baseball Park and Related Improvements in the Centre City Redevelopment Project area, pursuant to a proposed Second Amendment to the Ballpark Cooperation Agreement (the "Second Amendment") between the Agency and the City.

This Summary was prepared in accordance with Section 33679 of the California Community Redevelopment Law in order to inform the Agency and the public about the transaction. This summary describes and specifies:

A. The costs (and tax increment funds) to be paid by the Agency under the proposed Second Amendment for the Baseball Park and Related Improvements.

B. The facts supporting determinations that:

1. The Baseball Park and Related Improvements are of benefit to the Centre City Redevelopment Project area and the immediate neighborhood in which the Project area is located;

2. No other reasonable means of financing the additional payment for debt service on the financing of the Baseball Park and Related Improvements are available to the community;

3. The additional payment of funds for debt service on the financing of the cost of the Baseball Park and Related Improvements will assist in the elimination of one or more blighting conditions inside the Project area; and

4. The additional payment for debt service on the financing of the cost of the Baseball Park and Related Improvements is consistent with the Implementation Plan for the Project area adopted pursuant to Section 33490 of the California Community Redevelopment Law.

C. The redevelopment purpose for which the additional Agency funds (including tax increment funds) are being used to pay for the Baseball Park and Related Improvements.

II. COST OF THE SECOND AMENDMENT TO THE AGENCY

The estimated costs (and tax increment funds) to be paid by the Agency for the Baseball Park and Related Improvements under the proposed Second Amendment are as follows:

Debt Service relating to the City of San Diego  
Lease Revenue Refunding Bonds, Series 2007A  
(Ballpark Bonds Fiscal Year 2009 – Fiscal Year 2013)      \$56.6 million

III. THE FACTS SUPPORTING DETERMINATION THAT THE BASEBALL PARK AND RELATED IMPROVEMENTS IS OF BENEFIT TO THE PROJECT AREA

The debt service on the financing of Baseball Park and Related Improvements for which the Agency proposes to pay will benefit the Centre City Redevelopment Project area and the immediate neighborhood in which the Project area is located, in that:

A. By continuing to pay debt service on the Ballpark Bonds, the Baseball Park and Related Improvements developed in the historically blighted 26-block area in Centre City East will continue to be infused with new projects surrounding the development that will both enhance the new Ballpark as well as providing amenities to the surrounding area.

The ballpark covers approximately 15 acres. The open-air facility is designed specifically for baseball although it is also being used for other purposes such as music concerts, large gatherings associated with the San Diego Convention Center, and civic events.

The Park at the Park is located just beyond the outfield fence of the ballpark and is surrounded on the other three sides by retail, residential, office and entertainment uses. A grass area including a flat lawn and slope covers approximately one acre of the Park at the Park. This grass provides ballpark event viewing opportunities. In addition, the grass area provides recreation and picnic opportunities to the surrounding neighborhood during non-game periods.

The street system in the vicinity of the Baseball Park and Related Improvements has been substantially realigned. A new roadway, known as Park Boulevard, crosses diagonally connecting Twelfth Avenue at K Street to Eighth Avenue at Harbor Drive. Tenth and Eleventh Streets have been realigned and terminate at the new Park Boulevard.

B. The Baseball Park and Related Improvements and the established surrounding districts will continue to provide complementary uses and create a successful mix by providing successful office, retail, commercial and entertainment within walking and transit distance of one another. The Baseball Park and Related Improvements will continue to serve as a regional activity center that will entice non-residents of downtown to enjoy the full range of amenities offered downtown.

C. The condition of buildings and properties in the area will continue to change with the activities of the Ballpark. The Baseball Park and Related Improvements continue to eliminate vacant lots, deteriorated and dilapidated buildings that have existed in the Project Area and contributed to its blighted condition. The direct improvement to properties will continue to encourage redevelopment of adjacent areas that will be situated to take advantage of the new neighborhood amenity. Residential development will continue to be stimulated in the surrounding area causing an acceleration of the elimination of nearby blighted conditions.

D. The condition of toxic and hazardous materials in the area has improved with the development of the Baseball Park and Related Improvements given that remedial actions have been completed for construction of the Baseball Park and Related Improvements.

E. The ongoing payment for the Baseball Park and Related Improvements will continue to promote the improvement of the condition of nearby public improvements and infrastructure. Due to the reconfiguration of parcels in the area, the vacation of street and utility rights of way and the construction of a new diagonal street to Harbor Drive, a number of utilities have been relocated. Water and sewer lines in the area of the Baseball Park and Related Improvements have been upgraded to accommodate the new development. Aged and undersized pipes have been replaced with materials that meet City standards and codes. The replacement of the antiquated infrastructure in the area has improved the existing conditions of old and inadequate systems.

F. The Baseball Park and Related Improvements has resulted in reconstruction of streets and sidewalks adjacent to the ballpark. A diagonal street provides a new travel way with median and public amenities with a plaza type design. The Baseball Park and Related Improvements includes a plaza at the 10th Avenue and K Street entrance, street trees surrounding the ballpark and an integrated landscape design throughout. The Park at the Park provides new street side amenities including plaza and walkways, street trees and pedestrian amenities including a park-like setting that is open to the public on non-game-days.

G. The Baseball Park and Related Improvements has and will continue to have a direct effect on properties within that district, causing their respective values to increase substantially. The increase the assessed valuation of properties near the Baseball Park and Related Improvements Area in the Centre City East District has and will continue to affect surrounding areas in a positive way.

H. The Baseball Park and Related Improvements has resulted in a strong infusion of new economic activity, firms and jobs into the area. New hotels in close proximity to amenities like the Baseball Park and Related Improvements, Convention Center and Gaslamp District will attract tourist and convention business. New office space catering to a variety of firms is available as well as the shopping, retail and entertainment conveniences of downtown.

I. Market rents in the vicinity of the Baseball Park and Related Improvements have been re-established at a level previously unattained in that area. Existing development near the Baseball Park and Related Improvements has been favorably affected by the proximity of the new development leading to higher market rents and a decrease in vacancies.

J. The coordinated and integrated approach to redeveloping a portion of the Centre City East District into a regional amenity surrounded with ancillary development and supporting uses in a cohesive development has establish new uses and will continue to stimulate development in surrounding areas.

IV. THE FACTS SUPPORTING DETERMINATION THAT NO OTHER REASONABLE MEANS OF FINANCING THE ADDITIONAL PAYMENT FOR DEBT SERVICE ON THE BASEBALL PARK AND RELATED IMPROVEMENTS ARE AVAILABLE TO THE COMMUNITY

There are no other reasonable means available to the community for financing the Baseball Park and Related Improvement for which the Agency proposed to pay, in that:

A. The annual debt service on the financing the Baseball Park and Related Improvements indicates the need for \$11.3 million from all sources. The City has limited resources to continue funding financing costs to amortize the Ballpark Bonds used to implement the Baseball Park and Related Improvements.

B. City of San Diego

1. The City of San Diego experienced declining revenues of over \$20 million (unaudited) in fiscal year 2008 and projects further revenue reductions in fiscal year 2009 of approximately \$34 million that severely impacts the City's ability to fund the debt service for the Ballpark Bonds and still deliver core services to the residents of San Diego. While the City assumed payment of debt service in 2003, this was a discretionary action that can be reversed since the Ballpark Bonds meets all program criteria for Agency funding. As a result of changing economic conditions, the City can not continue to support the payment for Ballpark Bonds debt service without reducing essential public services funded by the General Fund, such as police and fire services, environmental services, parks and libraries. The need to have debt service for the Ballpark Bonds be supported by the Agency was recognized in fiscal year 2008 as the City began to experience a decline in revenues.

2. Although the City reduced expenditures in fiscal year 2008 to below appropriated amounts, the further unanticipated decline in property tax, sales tax, franchise fees, rents and concessions and transient occupancy tax resulted in expenditures exceeding revenues by over \$20 million. In fiscal year 2008, the City reduced reserves by \$20 million (unaudited) in order to fund essential City services. The use of reserves to fund ongoing operations shows that the City has very limited capacity to continue to support the Ballpark Bond debt service while meeting its core service obligations.

3. The City's fiscal year 2009 balanced budget, approved in June 2008, includes reduced revenue projections adjusted for a continuation of slow economic growth and a continued constriction of economic activity that would further reduce taxes and other City revenues. Growth in revenues is anticipated to be negative in most major revenues categories, such as sales tax and transient occupancy tax (TOT), while the growth rate in property tax revenue is projected in fiscal year 2009 to be the lowest in over 10 years. The City Charter requires that the City maintain a balanced budget. The economic downturn and the negative effect on fiscal year 2009 revenues of approximately \$34 million confirms the pressing need that this debt service obligation should be assumed in part by the Agency to prevent further cuts in City services to maintain a legally required balanced budget.

4. In order to balance the Fiscal Year 2009 Annual Budget and limit the impact on City services, the City Council approved a projected transfer of \$7.5 million from Agency (subject to these findings being approved by City Council in a separate action) to begin to pay for a portion of the Ballpark Bond debt service. This critical

addition to the City's projected annual revenue balanced the City's 2009 annual budget and supported the continuation of essential City services. The City's 2009 budget included conservative revenue projections and the elimination of approximately 60 City positions, limited increases for only mandated services and included no salary increases to City workers with the exception of public safety members. Due to the anticipated decline in City tax revenues, it is necessary to remove the debt service burden for the Ballpark Bonds from the City's obligations in order to free up the available revenues to continue to provide for essential City services such as trash collection, police officers, fire department, parks and libraries.

5. In addition, the City revenues projected in March of 2008, and adjusted downward in the May Revision to the budget, did not anticipate the magnitude of the continued downturn in the economy into possible recession. As a result, the City anticipates a \$43 million shortfall in the fiscal year 2009 budget. Property tax is at its lowest growth rate since 1997, and sales tax revenue is expected to decline from the previous year (fiscal 2008) for the first time since 2002. Reductions in City services will need to occur in this fiscal year to maintain a legally balanced budget that already assumes the transfer of \$7.5 million from the Agency for the payment of the Ballpark Bond debt service. If this transfer does not occur, the City will need to increase anticipated personnel cuts to maintain a balanced budget. The City has no other reasonable means other than further reductions in City services to continue to fund the payment of Ballpark Bond debt service for this eligible Agency project.

6. The City's Capital Improvement Budget is funded primarily with water and sewer fees, developer impact fees, grant funds, enterprise fund revenues, Facility Benefit Assessment funds, and Gas Tax and Transnet funds. The Fiscal Year 2009 Capital Improvement Program Budget totals \$574 million, an increase of \$82.3 million from Fiscal Year 2008. The increase is primarily due to an increase in funding for capital projects addressing deferred maintenance needs. Despite the increase in the City's CIP Budget, it is estimated that the City's deferred maintenance and capital needs from Fiscal Year 2008, is \$800 million to \$900 million. The Fiscal Year 2009 CIP Budget provides for the sewer upgrade of the City's Metropolitan and Municipal Wastewater System, water projects, Parks and Recreation projects, library projects, transportation projects and special projects.

As described above, the City does not have the resources to provide the debt service payments on the financing of the Baseball Park and Related Improvements in the Project Area at least for the next four years.

#### D. Tax Increment

The absence of any significant source of revenues for urban programs has left redevelopment in California almost completely dependent on tax increment financing through its redevelopment agencies. San Diego is no exception. If adequate local revenue sources are to be made available, it is clear it will have to come, for the most part, from taxes generated by the redevelopment program itself. The Agency can

continue the turn around in the East Village Redevelopment District with the continued payment of debt service on the Ballpark Bonds used to fund the Baseball Park and Related Improvements eliminating the conditions adverse to investment; therefore, it is appropriate that the property tax increments generated be made available to pay the costs of the program.

V. THE FACTS SUPPORTING DETERMINATION THAT THE ADDITIONAL PAYMENT OF FUNDS FOR DEBT SERVICE ON THE FINANCING OF THE BASEBALL PARK AND RELATED IMPROVEMENTS WILL ASSIST IN THE CONTINUATION OF THE ELIMINATION OF ONE OR MORE BLIGHTING CONDITIONS.

In addition to the facts previously approved by the Agency on May 1, 2001 the additional payment of funds for debt service on the financing of the Baseball Park and Related Improvements will continue to assist in the continuation of the elimination of one or more blighting conditions within the East Village Redevelopment District, in that:

- A. The Baseball Park and Related Improvements has required the consolidation of several under-utilized parcels and has eliminated vacant lots, deteriorated and dilapidated buildings that existed in the nearby area within the Project Area. The Baseball Park and Related Improvements will continue to act as a catalyst for future development by providing an incentive for private investment and the removal of blight.

VI. THE FACTS SUPPORTING DETERMINATION THAT THE ADDITIONAL PAYMENT OF FUNDS FOR DEBT SERVICE ON THE FINANCING OF THE BASEBALL PARK AND RELATED IMPROVEMENTS IS CONSISTENT WITH THE IMPLEMENTATION PLAN FOR THE PROJECT AREA

In addition to the facts previously approved by the Agency on February 22, 2000, the additional payment of funds for debt service on the financing of the cost of the construction and installation of the subject improvements are consistent with the Five Year Implementation Plan adopted June 15, 2004 and as amended October 24, 2006 for the Project pursuant to Health and Safety Code 33490, in that:

- A. The Five Year Implementation Plan for Fiscal Year 2004 to Fiscal Year 2009 included the construction of a Baseball Park and Related Improvements.
- B. The Five Year Implementation Plan for Fiscal Year 2004 to Fiscal Year 2009 includes a projected \$545 million in expenditures for the Centre City and Horton Plaza Redevelopment Projects of which \$173 million is for debt service.
- C. The additional payment of \$56.6 million is consistent with the projected \$173 million for debt service in that the Centre City Redevelopment Project contained \$140 million for debt service for non-housing bond debt service and approximately \$105 million excluding the additional payment proposed pursuant to this amendment will be expended through Fiscal Year 2009. The first annual payment of \$11.3 million in Fiscal Year 2009 will fall within the debt service programmed in the five year plan.

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

The additional payment of funds for the debt service on the Ballpark Bonds will continue to assist in the elimination of blighting conditions in the east Village Redevelopment District. The Baseball Park and Related Improvements required the consolidation of several under-utilized parcels and has eliminated vacant lots, deteriorated and dilapidated buildings that existed in the nearby area within the Project Area. The Baseball Park and Related Improvements and the continued payment of debt service will act as a catalyst for the Ancillary development and other future development by providing an incentive for private investment. The Baseball Park and Related Improvements will continue to increase patronage of local retail businesses such as restaurants, hotels and retail shops; complement the San Diego Convention Center by providing an adjacent facility to host large outdoor gatherings; provide another regional facility for civic events, amateur athletics, concerts, multiple day trade shows, private parties, and other gatherings; and provide open space for the citizens of San Diego.

000726

EXHIBIT A  
SITE MAP OF BASEBALL PARK AND RELATED IMPROVEMENTS

[see attached]

000727

PROCEDURE FOR JOINT PUBLIC HEARING

by

CITY COUNCIL OF THE CITY OF SAN DIEGO, CALIFORNIA  
(Agenda Item\_\_\_\_\_)

and

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO  
(Agenda Item\_\_\_\_\_)

on

PROPOSED USE OF TAX INCREMENT FROM THE CENTRE  
CITY REDEVELOPMENT PROJECT FOR THE DEBT SERVICE  
OF LEASE REVENUE REFUNDING BONDS, SERIES 2007A  
RELATED TO THE BALLPARK AND RELATED IMPROVEMENTS

February\_\_\_\_\_, 2009

1. Call to Order; Opening of Hearing; Explanation of Hearing

- A. Call to Order (Mayor)
- B. Council Roll Call (City Clerk)
- C. Agency Roll Call (Agency Secretary)

JOINT PUBLIC HEARING

- D. Declare public hearing open for City Council and Agency (Mayor, Agency Chair)
- E. Introductory Remarks (Mayor)

The purpose of this joint public hearing of the City Council and the Redevelopment Agency is to consider the proposed use of tax increment from the Centre City Redevelopment Project for the payment of additional funds by the Agency towards the debt service of certain Lease Revenue Refunding Bonds, Series 2007A (the "Ballpark Bonds") for fiscal years 2009-2013, pursuant to a proposed Second Amendment to Ballpark Cooperation Agreement.

The Mayor will chair the joint hearing.

(Any additional comments by the Mayor.)

2. Agency Presentation

Summary of proposed Second Amendment to Ballpark Cooperation Agreement, including financing and proposed use of tax increment from the Centre City

000728

Redevelopment Project and related information by staff

- A. Public Notice given.
  - B. Documents under consideration:
    - (1) Staff report
    - (2) Second Amendment to Ballpark Cooperation Agreement
    - (3) Summary prepared pursuant to Health & Safety Code Section 33679
  - C. Explanation of transaction, timing, financing and documents
3. Public Testimony
- A. Rules governing public testimony (Mayor). All persons desiring to speak on the matter will be given the opportunity to speak. Explain standard procedures.
  - B. Written and oral comments by persons in favor of the matter.
    - (1) City Clerk reads all communications, if any, in favor of the matter.
    - (2) Accept public testimony.
  - C. Written and oral comments by persons objecting to the matter.
    - (1) City Clerk reads all communications, if any, objecting to the matter.
    - (2) Accept public testimony.
  - D. Written and oral comments by others.
    - (1) City Clerk reads all other communications.
    - (2) Accept public testimony.
4. Staff response to Public Testimony
5. Closing of Public Hearing for City Council and Agency (Mayor, Agency Chair).

JOINT MEETING FOLLOWING  
PUBLIC HEARING

- 1. Questions and deliberations by City Council and Agency members.

000729

2. Action for consideration by Agency:

AGENCY  
AGENDA ITEM

ACTION

\_\_\_\_\_

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO APPROVING THE ADDITIONAL PAYMENT BY THE AGENCY TOWARD THE DEBT SERVICE OF CERTAIN BALLPARK BONDS TO FINANCE THE COST OF THE LAND FOR AND/OR INSTALLATION AND CONSTRUCTION OF THE BALLPARK AND RELATED IMPROVEMENTS WITHIN THE CENTRE CITY REDEVELOPMENT PROJECT AREA; APPROVING THE SECOND AMENDMENT TO BALLPARK COOPERATION AGREEMENT PERTAINING THERETO; AND MAKE CERTAIN FINDINGS WITH RESPECT TO SUCH PAYMENTS FOR THE DEBT SERVICE OF THE BALLPARK BONDS TO FINANCE THE BASEBALL PARK AND RELATED IMPROVEMENTS

3. Action for consideration by the City Council:

CITY  
AGENDA ITEM

ACTION

\_\_\_\_\_

A RESOLUTION OF THE CITY OF SAN DIEGO CONSENTING TO THE ADDITIONAL PAYMENT BY THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO TOWARD THE DEBT SERVICE OF CERTAIN BALLPARK BONDS TO FINANCE THE COST OF THE LAND FOR AND/OR INSTALLATION AND CONSTRUCTION OF THE BALLPARK AND RELATED IMPROVEMENTS WITHIN THE CENTRE CITY REDEVELOPMENT PROJECT AREA; APPROVING THE SECOND AMENDMENT TO BALLPARK COOPERATION AGREEMENT PERTAINING THERETO; AND MAKE CERTAIN FINDINGS WITH RESPECT TO SUCH PAYMENTS FOR THE DEBT SERVICE OF THE BALLPARK BONDS TO FINANCE THE BASEBALL PARK AND RELATED IMPROVEMENTS

PROCEDURE FOR JOINT PUBLIC HEARING

by

CITY COUNCIL OF THE CITY OF SAN DIEGO, CALIFORNIA  
(Agenda Item \_\_\_\_\_)

and

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO  
(Agenda Item \_\_\_\_\_)

on

PROPOSED USE OF TAX INCREMENT FROM THE CENTRE  
CITY REDEVELOPMENT PROJECT FOR THE DEBT SERVICE  
OF LEASE REVENUE REFUNDING BONDS, SERIES 2007A  
RELATED TO THE BALLPARK AND RELATED IMPROVEMENTS

February\_\_\_\_, 2009

1. Call to Order; Opening of Hearing; Explanation of Hearing

- A. Call to Order (Mayor)
- B. Council Roll Call (City Clerk)
- C. Agency Roll Call (Agency Secretary)

JOINT PUBLIC HEARING

- D. Declare public hearing open for City Council and Agency (Mayor, Agency Chair)
- E. Introductory Remarks (Mayor)

The purpose of this joint public hearing of the City Council and the Redevelopment Agency is to consider the proposed use of tax increment from the Centre City Redevelopment Project for the payment of additional funds by the Agency towards the debt service of certain Lease Revenue Refunding Bonds, Series 2007A (the "Ballpark Bonds") for fiscal years 2009-2013, pursuant to a proposed Second Amendment to Ballpark Cooperation Agreement.

The Mayor will chair the joint hearing.

(Any additional comments by the Mayor.)

2. Agency Presentation

Summary of proposed Second Amendment to Ballpark Cooperation Agreement, including financing and proposed use of tax increment from the Centre City

000731

Redevelopment Project and related information by staff

- A. Public Notice given.
  - B. Documents under consideration:
    - (1) Staff report
    - (2) Second Amendment to Ballpark Cooperation Agreement
    - (3) Summary prepared pursuant to Health & Safety Code Section 33679
  - C. Explanation of transaction, timing, financing and documents
3. Public Testimony
- A. Rules governing public testimony (Mayor). All persons desiring to speak on the matter will be given the opportunity to speak. Explain standard procedures.
  - B. Written and oral comments by persons in favor of the matter.
    - (1) City Clerk reads all communications, if any, in favor of the matter.
    - (2) Accept public testimony.
  - C. Written and oral comments by persons objecting to the matter.
    - (1) City Clerk reads all communications, if any, objecting to the matter.
    - (2) Accept public testimony.
  - D. Written and oral comments by others.
    - (1) City Clerk reads all other communications.
    - (2) Accept public testimony.
4. Staff response to Public Testimony
5. Closing of Public Hearing for City Council and Agency (Mayor, Agency Chair).

JOINT MEETING FOLLOWING  
PUBLIC HEARING

- 1. Questions and deliberations by City Council and Agency members.

2. Action for consideration by Agency:

AGENCY  
AGENDA ITEM

ACTION

\_\_\_\_\_

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO APPROVING THE ADDITIONAL PAYMENT BY THE AGENCY TOWARD THE DEBT SERVICE OF CERTAIN BALLPARK BONDS TO FINANCE THE COST OF THE LAND FOR AND/OR INSTALLATION AND CONSTRUCTION OF THE BALLPARK AND RELATED IMPROVEMENTS WITHIN THE CENTRE CITY REDEVELOPMENT PROJECT AREA; APPROVING THE SECOND AMENDMENT TO BALLPARK COOPERATION AGREEMENT PERTAINING THERETO; AND MAKE CERTAIN FINDINGS WITH RESPECT TO SUCH PAYMENTS FOR THE DEBT SERVICE OF THE BALLPARK BONDS TO FINANCE THE BASEBALL PARK AND RELATED IMPROVEMENTS

3. Action for consideration by the City Council:

CITY  
AGENDA ITEM

ACTION

\_\_\_\_\_

A RESOLUTION OF THE CITY OF SAN DIEGO CONSENTING TO THE ADDITIONAL PAYMENT BY THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO TOWARD THE DEBT SERVICE OF CERTAIN BALLPARK BONDS TO FINANCE THE COST OF THE LAND FOR AND/OR INSTALLATION AND CONSTRUCTION OF THE BALLPARK AND RELATED IMPROVEMENTS WITHIN THE CENTRE CITY REDEVELOPMENT PROJECT AREA; APPROVING THE SECOND AMENDMENT TO BALLPARK COOPERATION AGREEMENT PERTAINING THERETO; AND MAKE CERTAIN FINDINGS WITH RESPECT TO SUCH PAYMENTS FOR THE DEBT SERVICE OF THE BALLPARK BONDS TO FINANCE THE BASEBALL PARK AND RELATED IMPROVEMENTS

NOTICE OF JOINT PUBLIC HEARING BY THE CITY COUNCIL OF THE CITY OF SAN DIEGO AND THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO REGARDING THE ADDITIONAL PAYMENT BY THE AGENCY TOWARD THE DEBT SERVICE OF CERTAIN BALLPARK BONDS TO FINANCE THE BALLPARK AND RELATED IMPROVEMENTS WITHIN THE CENTRE CITY REDEVELOPMENT PROJECT AND PROPOSED SECOND AMENDMENT TO BALLPARK COOPERATION AGREEMENT PERTAINING THERETO.

NOTICE IS HEREBY GIVEN that the City Council of the City of San Diego, California (the "City Council") and the Redevelopment Agency of the City of San Diego, California (the "Agency") will hold a joint public hearing on February 17, 2009 at the hour of 2:00 p.m. or as soon thereafter as the matter can be heard, in the City Council Chambers, 202 "C" Street, City Administration Building, 12th Floor, San Diego, California, pursuant to the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*).

The purpose of the joint public hearing is to consider the proposed use of tax increment from the Centre City Redevelopment Project ("Project") for the payment of additional funds by the Agency towards the debt service of certain Lease Revenue Refunding Bonds, Series 2007A (the "Ballpark Bonds") for fiscal years 2009-2013 in order to facilitate the financing of the Baseball Park and Related Improvements, pursuant to a proposed Second Amendment to Ballpark Cooperation Agreement (the "Second Amendment").

The following documents are available for public inspection and copying during regular office hours (8:00 a.m. - 5:00 p.m., Monday through Friday) at the offices of the City Clerk of the City of San Diego, 202 "C" Street, Administration Building, 1st Floor, San Diego, California 90277:

1. A copy of the proposed Second Amendment to Ballpark Cooperation Agreement.
2. A Summary Pertaining to the Additional Payment by the Agency for the Baseball Park and Related Improvements (the "Summary") which describes and specifies the following:
  - a. The costs to be incurred by the Agency in connection with the Second Amendment;
  - b. The facts supporting the following determinations to be made by the Agency and City Council:
    - i. The additional payment of funds for the cost of the debt service on the financing of the Ballpark and Related Improvements is of benefit to the Project area and the

immediate neighborhood in which the Project area is located;

- ii. No other reasonable means of financing the additional payment for debt service on the financing of the Baseball Park and Related Improvements are available to the community;
- iii. The additional payment of funds for the cost of the debt service on the financing of the Baseball Park and Related Improvements will assist in the elimination of one or more blighting conditions inside the Project area; and
- iv. The additional payment of funds for the cost of the debt service on the financing of the Baseball Park and Related Improvements is consistent with the Implementation Plan for the Project area adopted pursuant to Section 33490 of the California Community Redevelopment Law.

c. The redevelopment purposes for which Agency funds are being used.

At any time before the date and time set forth above for the joint public hearing by the City Council and Agency, any written comments on or objections to the subject item may be submitted to the City Clerk. All persons wishing to question, comment, object to, or be heard on such matters at the joint public hearing will be given an opportunity to appear and be so heard. If you challenge the approval of the proposed Second Amendment, or any of the matters related thereto as referred to in this Notice, you may be limited to raising only those issues addressed at the joint public hearing described in this Notice or in written correspondence delivered to the City Clerk at, or prior to, the joint public hearing.

Publication Dates: February 2, 2009  
February 9, 2009

This material is available in alternative formats upon request. To order information in an alternative format, or to arrange for a sign language or oral interpreter for the meeting, please call the Clerk's office at least 5 working days prior to the meeting at (619) 533-4000 (voice) or (619) 236-7012 (TT).

Elizabeth S. Maland  
City Clerk  
City of San Diego  
Secretary  
Redevelopment Agency of the City of San Diego

**000735** DOCKET SUPPORTING INFORMATION  
CITY OF SAN DIEGO  
**EQUAL OPPORTUNITY CONTRACTING PROGRAM EVALUATION**

DATE: January 30, 2009

**SUBJECT: Second Amendment to Ballpark Cooperation Agreement – East Village Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project – JOINT PUBLIC HEARING****GENERAL CONTRACT INFORMATION**

Recommended Consultant: Redevelopment Agency

Amount of this Action: \$56.6 Million (Over five-year period FY 2009-2013)

Funding Source: City of San Diego

Goal: N/A

**SUBCONTRACTOR PARTICIPATION**

There is no subcontractor activity associated with this action.

**EQUAL EMPLOYMENT OPPORTUNITY COMPLIANCE**

Equal Opportunity Required.

This agreement is subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2702) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517)

**ADDITIONAL COMMENTS**

This action requests authorization for the Second Amendment totaling \$56.6 million from the Agency to the City over a five year period during Fiscal Years 2009-2013 to cover debt service in the Ballpark Bonds of approximately \$11.3 million annually. (There will be future separate actions to request budget amendments in each respective budget year)

RLL

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334  
03/10

REQUEST FOR REDEVELOPMENT AGENCY ACTION CITY OF SAN DIEGO				CERTIFICATE NUMBER (FOR AUDITOR'S USE ONLY) AC2900558		
TO: CITY COUNCIL		FROM (ORIGINATING DEPARTMENT): Centre City Development Corp		DATE: 01/27/2009		
SUBJECT: Second Amendment to Ballpark Cooperation Agreement – East Village Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project – JOINT PUBLIC HEARING						
PRIMARY CONTACT (NAME, PHONE): Frank Alessi, 619-533-7130				SECONDARY CONTACT (NAME, PHONE):		
COMPLETE FOR ACCOUNTING PURPOSES						
FUND						
DEPT.						
ORGANIZATION						
OBJECT ACCOUNT						
JOB ORDER						
C.I.P. NUMBER						
AMOUNT	0.00	0.00	0.00	0.00	0.00	0.00
FUND						
DEPT.						
ORGANIZATION						
OBJECT ACCOUNT						
JOB ORDER						
C.I.P. NUMBER						
AMOUNT	0.00	0.00	0.00	0.00	0.00	0.00
COST SUMMARY (IF APPLICABLE):						
ROUTING AND APPROVALS						
CONTRIBUTORS/REVIEWERS:		APPROVING AUTHORITY		APPROVAL SIGNATURE		DATE SIGNED
Liaison Office	Financial Management	ORIG DEPT.		Kaiser, Barbara		1/27/2009
Equal Opportunity Contracting		CFO				
Debt Management		DEPUTY CHIEF		Anderson, William		2/9/2009
Comptroller		COO				
Environmental Analysis		CITY ATTORNEY		Berkey, Kendall		2/20/2009
		COUNCIL PRESIDENTS OFFICE		Halsey, Keely		2/25/2009
PREPARATION OF:		<input checked="" type="checkbox"/> RESOLUTIONS		<input type="checkbox"/> ORDINANCE(S)		<input type="checkbox"/> AGREEMENT(S)
						<input type="checkbox"/> DEED(S)
That the Agency and the City Council approve a Second Amendment to Ballpark Cooperation Agreement ("Second Amendment") and make certain findings that:						
<ul style="list-style-type: none"> <li>The Baseball Park and Related Improvements are of benefit to the Centre City Redevelopment Project area and the immediate neighborhood in which the Project area is located;</li> </ul>						

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- No other reasonable means of financing the additional payment for debt service on the financing of the Baseball Park and Related Improvements are available to the community;
- The additional payment of funds for debt service on financing the cost of the Baseball Park and Related Improvements will assist in the elimination of one or more blighting conditions inside the Project area; and
- The additional payment for debt service on financing the cost of the Baseball Park and Related Improvements is consistent with the Implementation Plan for the Project area adopted pursuant to Section 33490 of the California Community Redevelopment Law.

**STAFF RECOMMENDATIONS:**

Approve Requested Actions.

**SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)**

**COUNCIL DISTRICT(S):** 2 and 8

**COMMUNITY AREA(S):** N/A

**ENVIRONMENTAL IMPACT:** This activity is covered under (EIR SCH No. 98121003, dated September 13, 1999 Adopted October 26, 1999 by Council Resolution No. R-292363). The activity is adequately addressed in the environmental document and there is no change in circumstance, additional information, or project changes to warrant additional environmental review. Therefore, the activity is not a separate project for purposes of CEQA review pursuant to State CEQA Guidelines Section §15060(c)(3).

**CITY CLERK INSTRUCTIONS:** None.

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**REDEVELOPMENT AGENCY ACTION  
EXECUTIVE SUMMARY SHEET  
CITY OF SAN DIEGO**

DATE: 01/27/2009

ORIGINATING DEPARTMENT: Centre City Development Corp

SUBJECT: Second Amendment to Ballpark Cooperation Agreement – East Village  
Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project –  
JOINT PUBLIC HEARING

COUNCIL DISTRICT(S): 2 and 8

CONTACT/PHONE NUMBER: Frank Alessi/619-533-7130

**REQUESTED ACTION:**

That the Redevelopment Agency (“Agency”) and the City Council approve a Second Amendment to Ballpark Cooperation Agreement (“Second Amendment”) and make certain findings relating to additional payments by the Agency to the City associated with debt service on bonds used to finance Petco Park.

**STAFF RECOMMENDATION:**

Approve Requested Actions.

**EXECUTIVE SUMMARY OF ITEM BACKGROUND:**

On February 22, 2000 the Agency entered into a Ballpark Cooperation Agreement (“Agreement”) between the Redevelopment Agency and the City of San Diego which authorized the Agency to pay for and implement certain activities for the development of the Baseball Park and Related Improvements. In May 2001, a First Amendment to the Agreement was entered into increasing the Agency’s investment in the Ballpark.

The development of the \$454 million Baseball Park was financed with \$95 million of downtown redevelopment tax increment funds, \$206 million from the City of San Diego, of which \$46 million was derived from redevelopment, and private funding by the Padres of \$153 million. Today, the City has approximately \$153 million outstanding in Lease Revenue Refunding Bonds, Series 2007A (“Ballpark Bonds”) relating to financing the Ballpark. The Ballpark Bonds have an annual debt service of approximately \$11.3 million.

The City experienced declining revenues in Fiscal Year 2008 and, with the continuation of slow economic growth, a further reduction of City revenues is expected in Fiscal Year 2009. To mitigate the City’s financial constraints a Second Amendment is proposed that provides payments from the Agency to the City for a portion of the debt service on the Ballpark Bonds. In addition, another agenda item for action is a Repayment Agreement proposed that will provide a long-term schedule for the repayment of CDBG funds to the City from the Agency.

**FISCAL CONSIDERATIONS:**

The payment proposed in the Second Amendment totals \$56.6 million from the Agency to the City over a five year period during Fiscal Years 2009-2013 to cover debt service in the Ballpark Bonds of approximately \$11.3 million annually. Due to the tax-exempt nature of the bonds, the source of funds for the payments made by the Agency to the City associated with debt service on the bonds will be tax increment.

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EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE): None.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:None.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

On January 14, 2009, Centre City Advisory Committee voted unanimously for approval of staff recommendations.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:N/A

Kaiser, Barbara

Originating Department

Anderson, William

Deputy Chief/Chief Operating Officer

000741

The City of San Diego  
CERTIFICATE OF CITY AUDITOR AND COMPTROLLER

CERTIFICATE OF UNALLOTTED BALANCE

AC 2900558

ORIGINATING

DEPT. NO.: 9960

I HEREBY CERTIFY that the money required for the allotment of funds for the purpose set forth in the foregoing resolution is available in the Treasury, or is anticipated to come into the Treasury, and is otherwise unallotted.

Amount: \_\_\_\_\_ Fund: \_\_\_\_\_

Purpose: \_\_\_\_\_

Date: \_\_\_\_\_ By: \_\_\_\_\_

AUDITOR AND COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA											
ACCTG. LINE	CY PY	FUND	DEPT	ORG.	ACCOUNT	JOB ORDER	OPERATION ACCOUNT	BENF/	EQUIP	FACILITY	AMOUNT
001	0										
TOTAL AMOUNT											

FUND OVERRIDE

CERTIFICATION OF UNENCUMBERED BALANCE

I HEREBY CERTIFY that the indebtedness and obligation to be incurred by the contract or agreement authorized by the hereto attached resolution, can be incurred without the violation of any of the provisions of the Charter of the City of San Diego; and I do hereby further certify, in conformity with the requirements of the Charter of the City of San Diego, that sufficient moneys have been appropriated for the purpose of said contract, that sufficient moneys to meet the obligations of said contract are actually in the Treasury, or are anticipated to come into the Treasury, to the credit of the appropriation from which the same are to be drawn, and that the said money now actually in the Treasury, together with the moneys anticipated to come into the Treasury, to the credit of said appropriation, are otherwise unencumbered.

Not to Exceed: \_\_\_\_\_ \$6,315,000.00

Vendor: CCDC

Purpose: Per a Second Amendment to an existing agreement CCDC will increase its payment for debt service from \$5,000,000 to \$11,315,000 in FY 2009 to accommodate payment for debt service on the Ball Park Bonds (Lease Revenue Refunding Bonds 2007A) for the periods of 2009-2013 for a total of \$56,596,750.

Date: February 3, 2009 By: Francisco Lopez

AUDITOR AND COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA											
ACCTG. LINE	CY PY	FUND	DEPT	ORG.	ACCOUNT	JOB ORDER	OPERATION ACCOUNT	BENF/	EQUIP	FACILITY	AMOUNT
001	0	98802	98802	4005	4881	004005					6,315,000.00
TOTAL AMOUNT											\$6,315,000.00

FUND OVERRIDE

000743

RESOLUTION NUMBER R-\_\_\_\_\_

DATE OF FINAL PASSAGE \_\_\_\_\_

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO CONSENTING TO THE ADDITIONAL PAYMENT BY THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO TOWARD THE DEBT SERVICE OF CERTAIN BALLPARK BONDS TO FINANCE THE COST OF THE LAND FOR AND/OR INSTALLATION AND CONSTRUCTION OF THE BALLPARK AND RELATED IMPROVEMENTS WITHIN THE CENTRE CITY REDEVELOPMENT PROJECT AREA; APPROVING THE SECOND AMENDMENT TO BALLPARK COOPERATION AGREEMENT PERTAINING THERETO; AND MAKING CERTAIN FINDINGS WITH RESPECT TO SUCH PAYMENTS FOR THE DEBT SERVICE OF THE BALLPARK BONDS TO FINANCE THE BASEBALL PARK AND RELATED IMPROVEMENTS.

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]; and

WHEREAS, the Agency has heretofore approved and adopted the Implementation Plans for the Centre City and Horton Plaza Redevelopment Projects (July 2004-June 2009), and subsequently approved and adopted the First Amendment thereto [Implementation Plan] providing for the implementation of certain activities necessary or appropriate to carry out the Redevelopment Plan; and

WHEREAS, one of the projects proposed in the Redevelopment Plan and the Implementation Plan is the development of a baseball park and related improvements (Baseball Park and Related Improvements) within the East Village Redevelopment District of the Centre City Redevelopment Project Area [Project Area]; and

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WHEREAS, the City of San Diego [City] and the Agency have implemented a plan for such Baseball Park and Related Improvements as redevelopment activities pursuant to a Memorandum of Understanding executed by them and others after approval thereof by the City's electorate, as supplemented and implemented by the parties [MOU]; and

WHEREAS, in order to implement the Redevelopment Plan, and the MOU, the Agency has previously agreed to pay toward the cost of the land for and/or installation and construction of the Baseball Park and Related Improvements, pursuant to the Ballpark Cooperation Agreement between the Agency and the City, in the form on file with the City Clerk as Document No. 292800 and with the office of the secretary of the Agency as Document No. D-03110, as amended by that certain First Amendment, in the form on file with the City Clerk as Document No. 294822 and with the office of the secretary of the Agency as Document No. D-03327 [collectively, the Ballpark Cooperation Agreement]; and

WHEREAS, in order to facilitate the financing of said Baseball Park and Related Improvements, the City issued certain Lease Revenue Refunding Bonds, Series 2007A (Ballpark Bonds), of which approximately \$153,000,000 remains outstanding, with a current annual debt service of approximately \$11,300,000; and

WHEREAS, the Agency and the City now propose to amend the Ballpark Cooperation Agreement to provide for the payment of additional funds by the Agency up to \$56,596,750 towards the debt service of the Ballpark Bonds for fiscal years 2009-2013, pursuant to a proposed Second Amendment to Ballpark Cooperation Agreement [Second Amendment]; and

WHEREAS, the Ballpark and Related Improvements are proposed to be located on various sites in East Village as generally illustrated and designated on the Site Map attached as

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Exhibit A to the Ballpark Cooperation Agreement and as more particularly identified and described in such Ballpark Cooperation Agreement; and

WHEREAS, pursuant to Section 33445 of the California Community Redevelopment Law (Cal. Health & Safety Code § 33000 et seq.), the Agency is authorized to pay for all or part of the land for and/or the installation and construction of any building, facility, or other improvement in the Project Area which is publicly owned; and

WHEREAS, pursuant to Section 33679 of the California Community Redevelopment Law, the Agency and the City Council held a public hearing on the proposed additional payment by the Agency toward the cost of the sites and applicable improvements as described in the Ballpark Cooperation Agreement and the Second Amendment; having duly published notice of such public hearing, and made copies of the Second Amendment to Ballpark Cooperation Agreement and a Summary Pertaining to the Additional Payment by the Agency for the Baseball Park and Related Improvements [Summary], available for public inspection and comment; and

WHEREAS, pursuant to the California Community Redevelopment Law, the City Council has considered the information regarding: (1) the benefit of the Baseball Park and Related Improvements to the Project Area and its immediate neighborhood, including the information contained in Section III of the Summary; (2) the availability of other reasonable means of financing the additional payment for debt service on the financing of the Baseball Park and Related Improvements to the community, including the information contained in Section IV of the Summary; (3) the assistance that will be given to the elimination of one or more blighting conditions inside the Project Area by the additional payment of funds for debt service on the financing of the Baseball Park and Related Improvements, including the information contained in Section V of the Summary; and (4) the consistency of the additional payment of funds for debt

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service on the financing of the Baseball Park and Related Improvements with the Implementation Plan for the Project Area adopted pursuant to Section 33490 of the California Community Redevelopment law, including the information contained in Section VI of the Summary; and

WHEREAS, the Agency has heretofore prepared, and the Agency and City Council have certified, the Master Environmental Impact Report for the Centre City Redevelopment Project [MEIR], and the Final Subsequent Environmental Impact Report Pertaining to the Ballpark and Ancillary Development Projects [SEIR], which include as implementation activities whose environmental impacts are covered thereby, the Baseball Park and Related Improvements proposed to be accomplished under the Ballpark Cooperation Agreement and the Second Amendment thereto; and

WHEREAS, the City Council has duly considered all terms and conditions of the proposed additional payments toward costs as set forth in the Second Amendment, and believes that the additional payment by the Agency toward the cost of the debt service on the financing of the Baseball Park and Related Improvements is in the best interests of the Project Area, the City and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local law and requirements; NOW, THEREFORE,

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

1. That the City Council recognizes that it has received and heard any and all oral and written objections to the proposed additional payment by the Redevelopment Agency of the City of San Diego [Agency] toward the cost of the land for and/or the installation and

construction of the Baseball Park and Related Improvements, and to other matters pertaining to this transaction, and that all such oral and written objections are hereby overruled.

2. That the City Council hereby finds and determines that:

a. The foregoing recitals are true and correct,

b. The additional payment of funds for the cost of the debt service on the financing of the Baseball Park and Related Improvements for which the Agency proposes to pay under the Second Amendment to Ballpark Cooperation Agreement is of benefit to the Centre City Redevelopment Project Area and the immediate neighborhood in which the Project Area is located, as described in Section III of the Summary;

c. No other reasonable means of financing the additional payment for the debt service on the financing of the Baseball Park and Related Improvements under the Second Amendment to Ballpark Cooperation Agreement are available to the community, as described in Section IV of the Summary;

d. The additional payment of funds for the cost of the debt service on the financing of the Baseball Park and Related Improvements will assist in the elimination of one or more blighting conditions inside the Project Area, as described in Section V of the Summary; and

e. The additional payment of funds for the cost of the debt service on the financing of the Baseball Park and Related Improvements is consistent with the Implementation Plan for the Project Area adopted pursuant to Section 33490 of the California Community Redevelopment Law, as described in Section VI of the Summary.

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3. That the City Council hereby consents to the additional payment by the Agency up to \$56,596,750 toward the debt service of the Ballpark Bonds for fiscal years 2009-2013, as described in the Second Amendment to Ballpark Cooperation Agreement.

4. That the Second Amendment to Ballpark Cooperation Agreement is hereby approved.

5. That the Mayor, or designee, is hereby authorized to execute the Second Amendment to Ballpark Cooperation Agreement on behalf of the City; a copy of the Second Amendment to Ballpark Cooperation Agreement when executed by the Agency and the City shall be placed on file in the office of the City Clerk as Document No. \_\_\_\_\_.

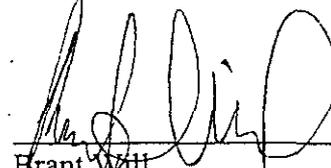
6. That the Mayor, or designee, is hereby authorized, on behalf of the City, to sign all documents necessary and appropriate to carry out and implement the Second Amendment to Ballpark Cooperation Agreement, and to administer the City's obligations, responsibilities and duties to be performed under the Second Amendment to Ballpark Cooperation Agreement.

7. That the City Council finds and determines that the City of San Diego has previously certified the information contained in the Environmental Impact Report referenced by SCH No. 98121003, dated September 13, 1999 adopted on October 26, 1999 by Council Resolution No. R-292363 [EIR], that this activity is covered under and adequately addressed in said EIR, that there is no change in circumstance, additional information, or project changes to warrant additional environmental review pursuant to the California Environmental Quality Act

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[CEQA], and that this activity is not a separate project for purposes of CEQA review pursuant to State CEQA Guidelines Section 15060(c)(3).

APPROVED: JAN I. GOLDSMITH, City Attorney

By   
Brant Will  
Deputy City Attorney

KDB:nda  
02/18/09  
Or.Dept:CCDC:Redev.Agency  
R-2009-860  
MMS#7798  
Comp.:RA-2009-73

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

ELIZABETH S. MALAND  
City Clerk

By \_\_\_\_\_  
Deputy City Clerk

Approved: \_\_\_\_\_  
(date)

\_\_\_\_\_  
JERRY SANDERS, Mayor

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

\_\_\_\_\_  
JERRY SANDERS, Mayor