

REQUEST FOR REDEVELOPMENT AGENCY ACTION CITY OF SAN DIEGO	CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY) 3000004620
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TO: City Council and Redevelopment Agency	FROM (ORIGINATING DEPARTMENT): City Redevelopment	DATE: 11/16/2011
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SUBJECT: City and Redevelopment Agency Budget Amendments associated with the Alternative Voluntary Redevelopment Program

PRIMARY CONTACT (NAME, PHONE): Scott Mercer ,236-6242, 56 D	SECONDARY CONTACT (NAME, PHONE): Janice Weinrick , 236-6250, 56 D
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COMPLETE FOR ACCOUNTING PURPOSES

FUND					
DEPT / FUNCTIONAL AREA	Accounting: See	Staff Report	Attachments 2 & 3		
ORG / COST CENTER					
OBJECT / GENERAL LEDGER ACCT					
JOB / WBS OR INTERNAL ORDER					
C.I.P./CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00

FUND					
DEPT / FUNCTIONAL AREA					
ORG / COST CENTER					
OBJECT / GENERAL LEDGER ACCT					
JOB / WBS OR INTERNAL ORDER					
C.I.P./CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00

COST SUMMARY (IF APPLICABLE): Cooperation Agreement (City): City will reduce Cooperation Agreement budget by \$55,880,000.22 and will return to the Agency those monies previously advanced in the aggregate amount \$52,130,428.22.

RDA: Agency will reduce various project budgets by \$13,375,215.78, reduce budget for scheduled Cooperation Agreement payments to the City by \$3,749,572.00 and establish budget of \$69,255,216 for the AB 27 Remittance. Agency will remit funds totaling \$69,255,216.00 to the City.

City: City will remit funds totaling \$69,255,216 to the San Diego County Auditor-Controller for purposes of AB 27 as dictated by the State.

Actions are contingent upon the State Supreme Court upholding AB 27.

ROUTING AND APPROVALS

CONTRIBUTORS/REVIEWERS:	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
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Financial Management		ORIG DEPT.	Weinrick, Janice	11/17/2011
Liaison Office		CFO		
Comptroller		DEPUTY CHIEF		
		COO	Goldstone, Jay	11/22/2011
		CITY ATTORNEY	Reisch, Kevin	11/22/2011
		COUNCIL PRESIDENTS OFFICE	Jurado-Sainz, Diana	11/22/2011
PREPARATION OF:	<input checked="" type="checkbox"/> RESOLUTIONS	<input type="checkbox"/> ORDINANCE(S)	<input type="checkbox"/> AGREEMENT(S)	<input type="checkbox"/> DEED(S)

Redevelopment Agency Actions:

1. Amend the Redevelopment Agency budget for the project areas managed by the City Redevelopment Department, Centre City Development Corporation, and Southeastern Economic Development Corporation as specified, effectively defunding specified redevelopment projects and activities utilizing those monies to fund the City's obligatory Fiscal Year 2012 remittance to the San Diego County Auditor-Controller pursuant to Assembly Bill x1 27 (AB 27) and City Ordinance O-20078, contingent upon a ruling by the California Supreme Court that upholds AB 27.
2. Make certain findings and determinations in accordance with AB 27, authorize additional reductions to its allocation to the low and moderate income housing fund for Fiscal Year 2012, and authorize adjustment of its earlier reduced allocation to the low and moderate income housing fund for Fiscal Year 2012.

City Council Actions:

1. Authorize the Chief Financial Officer to reduce appropriations and transfer Cooperation Agreement for Payment of Costs Associated with Certain Redevelopment Agency Funded Projects Funds, in accordance with the Cooperation Agreement Budget Amendment and Funds Transfer Schedule, to the Redevelopment Agency, effectively defunding specified projects and utilizing those monies to fund the City's Fiscal Year 2012 remittance to the San Diego County Auditor-Controller pursuant to AB 27 and City Ordinance O-20078, contingent upon a ruling by the California Supreme Court that upholds AB 27.
2. Authorize the Chief Financial Officer to establish a new fund, AB 27 Remittance Fund, to accept funding from the Redevelopment Agency and remit payment to the San Diego County Auditor-Controller in accordance with AB 27, contingent upon a ruling by the California Supreme Court that upholds AB 27.
3. Authorize the Chief Financial Officer to accept \$69,255,216 from the Redevelopment Agency and to appropriate and expend those monies in the AB 27 Remittance Fund for the purpose of remitting the Fiscal Year 2012 payment to the San Diego County Auditor-Controller in accordance with AB 27, contingent upon a ruling by the California Supreme Court that upholds AB 27.

STAFF RECOMMENDATIONS: Amend the Redevelopment Agency and City budgets as recommended in the report.	
SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)	
COUNCIL DISTRICT(S):	2, 3, 4, 6, 7, 8
COMMUNITY AREA(S):	Barrio Logan, Centre City, Clarimont Mesa, College, Greater North Park, Linda Vista, City Heights, Eastern, Kensington/Talmadge, Normal Heights, Midway-Pacific Highway, Mission Valley, Navajo, Old San Diego, Penninsula, San Ysidro, Skyline-Paradise Hills, Southeastern-Encanto, Southeastern-Southeastern, Tierra Santa, Uptown
ENVIRONMENTAL IMPACT:	The proposed budget amendments and related actions are not a "project" within the meaning of the California Environmental Quality Act ("CEQA"), specifically CEQA Guidelines section 15378(b)(4), and thus are not subject to CEQA pursuant to CEQA Guidelines section 15060(c)(3).
CITY CLERK INSTRUCTIONS:	Copies of Council Resolutions to Jeannette Santos and Scott Mercer, MS 56D

REDEVELOPMENT AGENCY ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO

DATE: 11/16/2011

ORIGINATING DEPARTMENT: City Redevelopment

SUBJECT: City and Redevelopment Agency Budget Amendments associated with the Alternative Voluntary Redevelopment Program

COUNCIL DISTRICT(S): 2, 3, 4, 6, 7, 8

CONTACT/PHONE NUMBER: Scott Mercer /236-6242, 56 D

DESCRIPTIVE SUMMARY OF ITEM:

The action calls for amendment to the budgets of the redevelopment project areas managed by Centre City Development Corporation, Southeastern Economic Development Corporation, and the City Redevelopment Department as well as the City budget designated for the Cooperation Agreement for Payment of Costs Associated with Certain Redevelopment Agency Funded Projects. The budget amendments effectively defund numerous redevelopment projects in the aggregate amount of \$69,255,216 and allocate those monies for remittance to the San Diego Auditor-Controller for purposes dictated by the State of California in accord with AB 27.

STAFF RECOMMENDATION:

Amend the Redevelopment Agency and City budgets as recommended in the report.

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

Certain provisions of AB 27 are currently "stayed" under order of the California Supreme Court. Based on a hypothetical assumption that the Supreme Court will uphold AB 27, this action calls for the City and the Agency to amend their respective annual budgets to make the FY 2012 Remittance, effectively shifting redevelopment funds from local redevelopment projects to other purposes dictated by the State. Should the Supreme Court conclude that AB 27 is illegal or unenforceable, the budget amendments outlined in this report would become automatically inoperative.

FISCAL CONSIDERATIONS:

The proposed budget amendment as specified in the report effectively shifts funds from Agency and Cooperation Agreement (City) accounts as required to enable the Agency to remit \$69,255,216 to the City pursuant to the certain Remittance Agreement executed by the City and the Agency on August 2, 2011. The City in turn, will remit those funds to the County Auditor-Controller pursuant to AB 27. The funds provided to the County Auditor-Controller would be deposited into the Special District Allocation Fund and Educational Revenue Augmentation Fund pursuant to AB 27. The actions recommended in this report have been prepared based on the hypothetical assumption the Supreme Court will uphold AB 27. Should the Supreme Court conclude that AB 27 is illegal or unenforceable, the budget amendments outlined in this report would become automatically inoperative.

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE): None

PREVIOUS COUNCIL and/or COMMITTEE ACTION (describe any changes made to the item from what was presented at committee):

1. The City Council enacted Ordinance O-20078 on August 1, 2011, committing the City to make annual remittances to the San Diego County Auditor-Controller as required by AB 27 from funds transferred by the Agency to the City and authorizing compliance with the alternative voluntary redevelopment program established by AB 27 (Voluntary Program) in order to allow the Agency's continued operation.
2. The Agency and City Council approved a certain Remittance Agreement on July 18, 2011 and authorized the execution and delivery of all documents and actions necessary and appropriate to facilitate the Agency's participation in the Voluntary Program.
3. On July 18, 2011, the Agency made certain findings and determinations in accordance with AB 27 and authorized the reduction of its allocation to the low and moderate income housing fund by \$9,870,000 during Fiscal Year 2012.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The Agency and City Council held a public hearing regarding the Voluntary Program on July 18, 2011. The City Council enacted Ordinance O-20078 on August 1, 2011 to "opt-in" to the Voluntary Program.

CCDC: The CCDC Board recommended approval of the proposed budget amendment as applicable to the Centre City and Horton Plaza redevelopment project areas on September 28, 2011. The Centre City Advisory Committee ("CCAC") recommended approval of the proposed budget amendment on September 21, 2011.

SEDC: The SEDC Board recommended approval of the proposed budget amendment as applicable to the Southeastern Project Area on October 26, 2011.

City Redevelopment Project Area Committees (PACs): The North Park PAC has received updates on the impact of the State Budget on the project area and recommended enactment of the "opt-in" ordinance on July 12, 2011 with an 11-0 vote. The City Heights PAC received information pertaining to AB 27 and the proposed impact to the project area on July 11, 2011. The Barrio Logan PAC received information regarding the State Budget and proposed cuts affecting the project area on July 20, 2011 voted 11-0 to recommend enactment of the opt-in ordinance. The College Community PAC received information on the proposed amendment on August 2, 2011. The Crossroads PAC received information on the budget amendment and provided input on August 25, 2011. The Eastern Area Community Planning Committee received information on the proposed College Grove Redevelopment Project Area budget amendment on September 13, 2011. The Grantville Stakeholders Committee received a budget update including potential impacts due to AB 27 on July 11, 2011. The Linda Vista Planning Group received regular updates throughout the year on the impacts of the State Budget. The San Ysidro PAC received information on the impacts of the State Budget and the opt-in ordinance on July 26, 2011. The North Bay PAC received information on the impact of the budget amendment on the project area on July 13, 2011.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Key stakeholders include all of the communities within the boundaries of the Agency's fourteen redevelopment project areas. The budget adjustments required for the FY 2012 Remittance will greatly reduce the Agency's ability to implement capital projects, community revitalization activities, and affordable housing projects.

ENVIRONMENTAL IMPACT:

The proposed budget amendments and related actions are not a "project" within the meaning of the California Environmental Quality Act ("CEQA"), specifically CEQA Guidelines section 15378(b)(4), and thus are not subject to CEQA pursuant to CEQA Guidelines section 15060(c)(3).

Weinrick, Janice

Originating Department

Goldstone, Jay

Deputy Chief/Chief Operating Officer