

**FINDINGS OF BENEFIT**  
**(California Health & Safety Code Section 33445)**

SUBJECT IMPROVEMENTS:       FOURTH AND BEECH INTERIM PARKING LOT AND SITE IMPROVEMENTS PROJECT (PARTIAL BLOCK BOUNDED BY ASH AND BEECH STREETS, AND FOURTH AND FIFTH AVENUES) – REQUEST TO BID – CORTEZ REDEVELOPMENT DISTRICT OF THE EXPANSION SUB AREA OF THE CENTRE CITY REDEVELOPMENT PROJECT

The following findings are for the construction of the proposed public improvements located on the partial block bounded by Ash and Beech streets, and Fourth and Fifth avenues within the Cortez Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project (“Project Area”). The proposed public improvements shall consist of installation of an interim asphalt public-parking lot with lights; installation of a storm water collection/filtering system per the requirements of local jurisdictions having authority; and removal of one abandoned driveway and adjusting the existing curb and gutter to match the two 24-foot-wide driveways to the parking lot, replace dirt with decomposed granite in the public right-of-way adjacent to the site, along with other minor improvements (“Improvements”).

I. FINDINGS OF BENEFIT TO THE PROJECT AREA BY HELPING TO ELIMINATE BLIGHT

The Improvements for which the Redevelopment Agency of the City of San Diego (“Agency”) proposes to pay are of benefit to the Project Area, by helping to eliminate blighting conditions within the Project Area, in that:

- A. The Improvements will replace inadequate public improvements and provide a catalyst for new development by implementing off-site improvements.
- B. The Improvements will increase the availability of parking to support downtown uses through a comprehensive strategy.
- C. The Improvements will “provide for future development” to contribute to blight removal as is included on page four of the work program of the Fourth Five-Year Implementation Plan for the Project Area, adopted June 14, 2009, pursuant to California Health and Safety Code section 33490.

## II. NO OTHER REASONABLE MEANS OF FINANCING

There are no reasonable means of financing the installation of the Improvements are available to the community (i.e., City of San Diego) for which the Agency proposes to pay, in that:

### City of San Diego

- A. The City's General Fund is dependent on the financial health of the local economy in addition to the State and nationwide economy. Some economic indicators are currently still lagging and could possibly restrain economic stabilization or expansion in the economy in Fiscal Year 2011 (FY11). The improvement in municipal budgets appears to be also lagging the overall economy. Overall, the economic outlook remains very uncertain in the upcoming fiscal year.
- B. The City's General Fund Budget is funded from various sources, but the four largest revenue sources are property tax, sales tax, transient occupancy tax (TOT), and franchise fees, and account for approximately \$710.8 million or 64.8 percent of total General Fund revenues. The decline in these four major revenues in the FY11 Adopted Budget accounts for approximately \$31.6 million or 94.3 percent of the total General Fund decline of \$33.5 million compared to the Fiscal Year 2010 (FY10) Adopted Budget.
- C. In FY11 sales tax is budgeted at \$187.5 million, which represents a decrease of \$22.7 million or 10.8 percent from the FY10 Adopted Budget due to the decline in per capita income and consumer spending, and the high unemployment rate in the City. TOT is budgeted at \$66.1 million, a decrease of \$9.8 million or 12.9 percent from the FY10 Adopted Budget due to the decline in local tourism. Franchise fees are budgeted at \$67.2 million, a decrease of \$6.5 million or 8.9 percent from the FY10 Adopted Budget due to a decline in refuse haulers tonnage.
- D. The City's FY11 Adopted Budget reflects General Fund revenues and expenditures of \$1.10 billion, representing a decline of \$33.5 million or 3.0 percent over the FY10 Adopted Budget. The FY11 Adopted Budget includes 7,067.98 budgeted full time equivalent (FTE) positions, a decrease of 328.94 FTE positions over the FY10 Budget. The net decrease in General Fund positions is primarily due to the reduction of 485.16 FTE positions as part of the revised FY10 Budget approved by the City Council that has been incorporated in the FY11 Adopted Budget. These reductions were to City's critical services including brownouts in the Fire Department, reductions in lifeguard positions, and reductions in library hours. If the City's revenues improve, then the City's first priority would be to restore those critical services funded by General Fund that have been reduced this year due to the loss of revenue in FY11.

- E. The City's FY11 Adopted Budget, approved by City Council in June 2010, 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 property tax, sales tax, TOT, and franchisee fees.
- F. The City's Capital Improvements Program (CIP) budget allocates existing funds and anticipated revenues to rehabilitate, restore, improve, enhance, and increase the City's capital facilities. This budget supports the design and construction of a wide range of infrastructure improvement projects and other significant capital infrastructure investments. The FY11 CIP Adopted Budget totals \$299.6 million. This is a reduction of \$153.6 million or 33.9 percent from the FY10 CIP Adopted Budget of \$453.2 million.
- G. Deferred capital projects remain one of the eight significant areas identified in the Five-Year Financial Outlook. Since Fiscal Year 2008, approximately \$142 million has been appropriated for facilities, streets, storm drain and other deferred capital projects, funded by proceeds from land sales, bond financing, and Proposition 1B funding. Another proposal for bond financing is anticipated to come before City Council in Fiscal Year 2012 (FY12). FY12 to continue efforts to address the City's approximately \$900 million backlog of deferred projects.
- H. The cost of the Improvements is approximately \$191,048. There are currently no funds allocated in the FY11 Adopted CIP Budget to fund the Improvements.

### III. CONSISTENCY WITH THE IMPLEMENTATION PLAN

The payment of Agency funds for the installation of the Improvements is consistent with the Fourth Five-Year Implementation Plan adopted June 19, 2009 ("Implementation Plan") pursuant to section 33490 of the California Health and Safety Code, in that:

- A. The Improvements address the specific goals and objectives of the Implementation Plan, as identified on Page 12 of the work program which states in pertinent part "increased availability of parking will attract greater development opportunities to the immediate area," and "enhance downtown residential living." A copy of the Implementation Plan is on file with the Agency as Document No. D-04405e.
- B. By furthering the specific goals and objectives of the Implementation Plan, the Improvements and the Agency's payment thereof are a means to eliminate blight within the Project Area and to facilitate the objectives of the Redevelopment Plan for the Project Area.