

**CENTRE CITY PROJECT AREA
SAN DIEGO, CALIFORNIA**

**SUMMARY PERTAINING TO THE USE OF TAX INCREMENT
FOR THE NORTH EMBARCADERO VISIONARY PLAN**

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

THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO

March 2011

ATTACHMENT C

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VII. I. INTRODUCTION

The Redevelopment Agency of the City of San Diego, California (“Agency”) is considering the use of tax increment generated from the Centre City Redevelopment Project Area (“Centre City Project Area” or “Project Area”) to fund the construction of Phase 1 of the North Embarcadero Visionary Plan (NEVP), which will be located within the Centre City Project Area. The NEVP will create a world class public space along the western waterfront of Downtown San Diego for residents, both of San Diego and the State of California, visitors, and businesses in and around the San Diego Bay.

The proposed Phase 1 project would realign the section of N. Harbor Drive between B Street Pier and the former Navy Pier 11A, eastward of its present location to enable construction of an approximately 105-foot wide Esplanade. The Esplanade would include a continuous bayfront promenade along the water’s edge, a storm water treatment system, a running/walking path, improved landscaping and pavilions, and a public plaza at the foot of W. Broadway flanked by formal gardens. On the eastern portion of the Esplanade, ticket kiosks, an information building, and a walk-up café would be installed under two open shade pavilions. In addition, a new public restroom would be constructed on the eastern portion of the Esplanade south of the future C Street view corridor. To enhance visual access to the Bay, W. Broadway between N. Harbor Drive and the railroad right-of-way would be reconstructed by removing an existing crest in the roadway and installing a landscaped median. Temporary sidewalks will be provided on both sides of W. Broadway as the developers of the adjacent parcels will be required to install the final NEVP improvements behind the curb. The proposed project also includes restriping and additional left turn lane and traffic signal improvements at the intersection of N. Harbor Drive and Grape Street.

The NEVP public improvements that the Agency would fund are within the limits of work are even more specifically described as follows:

- The demolition and reconstruction of W. Broadway from N. Harbor Drive east to the railroad track located between Pacific Highway and Kettner Boulevard. Specific improvements consist of:
 - Lowering an existing crest, or high point, in the W. Broadway roadway
 - Reconstructing the existing W. Broadway roadway in its present alignment
 - A raised, landscaped median in the W. Broadway roadway
 - Traffic improvements including signalization and striping
 - Street lighting improvements

- The demolition and reconstruction of N. Harbor Drive eastward from its present location generally from the B Street Pier south to the former Navy Pier 11A, and transition back to the present roadway alignments at Ash and F Streets. Realignment of the roadway would allow enable development of a contiguous approximately 105-foot wide esplanade, completely compliant with all accessibility standards, from the south edge of B Street Pier to the north edge of the former Navy Pier 11A. Specific improvements consist of:
 - 75-foot roadway within the existing 200-foot N. Harbor Drive right-of-way
 - Striping for two travel lanes north and south, with a center turn lane
 - Roadway transitions north of B Street and south of W. Broadway to enable traffic

- movement through existing segments of N. Harbor Drive
 - Sidewalks on the east and west sides of N. Harbor Drive
 - Sewer and storm drain improvements, including the abandonment of an existing City station and conversion to gravity flow sewer
 - Relocation of franchise utilities within the right-of-way to accommodate the new roadway alignment
 - Street lighting improvements
 - Traffic signal improvements
 - 105-foot wide esplanade
 - Recreational features and public amenities consisting of a continuous 30-foot wide bayfront promenade, a running/walking path, improved landscaping, and public plazas at W. Broadway and C Street
 - Low water use landscaping and low energy lighting enhancements throughout the esplanade
 - Storm water capture and treatment system
 - Street furniture including benches, chairs, tables, bike racks, bollards, drinking fountains and news racks
 - Trash and recycling receptacles
 - Improved gangway entrances to floating docks
 - Wayfinding signage
 - Two 5,600 s.f. open shade pavilions, one to the north and one to the south of W. Broadway on the eastern portion of the esplanade
 - Four new 13-foot long by 11-foot wide by 12-foot tall kiosk structures, located under the pavilions to locate maritime related and visitor serving retail vending opportunities
 - Information building (48-foot long by 23-foot wide by 16-foot tall) located under the south pavilion
 - Walk up café building (31-foot long by 22-foot wide by 16-foot tall) located under the north pavilion
 - Public restroom (33-foot long by 23-foot wide by 13-foot tall)
 - Public art that has been incorporated into the design of the structural architecture
 - Minor traffic improvements at the intersection of Grape Street and N. Harbor Drive
- Construction of the Setback Park/Plaza is conditioned upon approval of the First Phase of NEVP, pursuant to the Unified Port District of San Diego's ("Port") CDP 2011-01. The Setback Park/Plaza would be developed within a setback of 150 feet from N. Harbor Drive right-of-way between W. Broadway and B Street. The approximate two-acre public park/plaza would provide more opportunities for public access and recreation along the waterfront. The Setback Park/Plaza would be one large public open space that functions as a significant destination and gathering point for the local community and San Diego visitors. It would be constructed to include a mix of hardscape and landscape, including lawn or turf space appropriate and available for passive recreational uses.

- Broadway Pier Surface Improvements will integrate the publicly accessible areas of the Pier into the NEVP Phase 1 project to create a seamless waterfront plan connecting to the Esplanade to the Pier. The design would be multi-functional, flexible, and balanced in design that is conducive to daily public use and special events, while still respecting the need to maintain maritime operations of the existing water-dependent cruise ship berth adjacent to Broadway Pier. These design features may include surface color, treatment and texture, lighting and furniture.

In 1997, a multiple jurisdiction alliance was formed to create a unified vision for future development of the North Embarcadero area. The alliance consisted of the Port, the City of San Diego (“City”), the Agency, acting through the Centre City Development Corporation (CCDC), the County of San Diego (“County”) and the United States Navy. The coordinated efforts of this alliance and local stakeholders resulted in the creation of the NEVP. Since the NEVP’s inception, well over 100 public and stakeholder outreach meetings have been held concerning the public infrastructure improvements, design issues, and subsequent projects described in the NEVP.

In succeeding years, the NEVP has been incorporated by the members of the alliance into their respective planning documents, including the 2006 update of the Downtown Community Plan (DCP), the City’s Local Coastal Program, and the Port Master Plan.

Between 2003 and 2005 schematic level plans were completed for the entire project limits. Between 2007 and 2009, construction documents for Phase 1 of the project were completed.

Final entitlements from the California Coastal Commission are in process, with the goal of securing a coastal development permit by summer 2011. Construction on Phase 1 could start in late 2011 or early 2012, with the approval of the First Amendment to the Joint Exercise of Powers Agreement.

The First Phase of NEVP is the culmination of almost 15 years of public workshops and outreach, and cooperation between multiple public agencies having jurisdiction or land use authority, and the private development community.

In recent years the First Phase of the NEVP has moved closer to realization due to the City, Port, and Agency participation in the Joint Exercise of Powers Authority. However, due to the City’s inability to issue bonds in recent years or provide other sources of funding for the project, and the Port’s inability to secure a lease on the Lane Field development site, the Phase 1 improvements cannot move forward without Agency assistance.

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

- a. The estimated costs to the Agency for construction of NEVP Phase 1;
- b. That the NEVP Phase 1 improvements are of benefit to the Project Area by helping to eliminate blight within the Project Area;

- c. That there are no other reasonable means of financing the project that are available to the City;
- d. That the payment to be provided by the Agency toward the project is consistent with the “Fourth Implementation Plan for the Horton Plaza & Centre City Redevelopment Projects For the Period July 2009 – June 2014;” and
- e. The redevelopment purposes for which Agency funds are being used.

II. ESTIMATED COSTS TO THE AGENCY

The NEVP Phase 1 budget appears below. The estimated project costs to the Agency total \$29.6 million, which includes construction soft costs that include, but are not limited to, advertisement fees, engineering professional services support during construction, permitting fees, utility fees, and all other associated expenses. All of these costs are anticipated to be paid from Agency tax increment funds generated from the Project Area. Of the \$29.6 million estimated costs, the Agency will pay up to \$15.3 million directly and will advance up to \$14.3 million to the Port, subject to the Port’s obligation to provide a partial reimbursement to the Agency.

Item	Amount	Agency Budget Fiscal Year
Broadway Pier Surface Improvements	\$ 1,000,000	2011
Construction	\$26,094,000	2011
<u>Construction Soft Costs</u>	<u>\$ 2,506,000</u>	2011
Total	\$29,600,000	

III. FACTS SUPPORTING THAT THE NEVP PROJECT IS OF BENEFIT TO THE PROJECT AREA BY HELPING TO ELIMINATE BLIGHT

The subject improvements for which the Agency proposes to pay will benefit the Project Area in which the project is located by helping to eliminate blight within the Project Area, in that:

- A. NEVP Phase 1 is located within the Centre City Project Area, and specifically within the Columbia neighborhood;
- B. The NEVP Phase 1 Improvements are the First Phase in the implementation of public improvements that are the product of 14 years of planning efforts by an alliance of government agencies (DCP Goal 5.5-G-5).
- C. The NEVP Phase 1 Improvements will assist in developing a waterfront that is an active, pedestrian-oriented zone, and as a regionwide and downtown-wide destination (DCP Goal 5.5-G-1).
- D. The NEVP Phase 1 Improvements will assist in promoting a diversity of land uses and activities to generate vitality and 24-hour activity (DCP Goal 5.5-G-2).
- E. The NEVP Phase 1 Improvements will emphasize views to the Bay and strong connections to neighboring districts (DCP Goal 5.5-G-3).
- F. The NEVP Phase 1 Improvements will be a “people place” that will draw residents and visitors, and maritime related activities that emphasize the waterfront’s unique setting (DCP Goal 5.5-G-4).
- G. The NEVP Phase 1 Improvements will be consistent with and reinforce the Waterfront Urban Design Policies contained with the DCP.
- H. NEVP Phase 1 Improvements will add over 5 acres of high-quality open space to the downtown public park/plaza inventory. The addition of the park and plaza spaces contained within Phase 1 of the NEVP would be applied to the DCP goal of developing 52 acres of new open space for the growing population of downtown. The Esplanade will provide 1.8 acres, the Setback Park/Plaza 1.7 acres, and the publicly accessible areas of Broadway Pier will contribute 1.8 acres.
- I. NEVP Phase 1 Improvements contain a public restroom that will benefit both the users of the waterfront and the immediate neighborhoods. Benefits of a public restroom are:
 - a. Improved cleanliness and sanitary conditions of sidewalks used to access property on and around the Columbia neighborhood.
 - b. Enhanced cleanliness and desirability of the area, including reduced use of public areas for toileting needs for the direct advantage of property in and adjacent to the Columbia neighborhood.

- c. Increased economic opportunity, creation of jobs and enhanced business and commercial activity on property on Port Tidelands and adjacent Centre City neighborhoods by making the area more attractive to tourists and visitors to the area.
 - d. Preservation of permanent public facilities in and adjacent to the Columbia neighborhood.
 - e. Improved access to property in the Columbia neighborhood due to cleaner, safer and more usable sidewalks.
- J. The installation of the NEVP Phase 1 Improvements will reduce the frequency of historical flooding of the intersection of Pacific Coast Highway and W. Broadway associated with large rain events.
 - K. The NEVP Phase 1 Improvements will act as a catalyst providing an incentive for private investment in the redevelopment of adjacent, underutilized private development parcels.
 - L. The NEVP Phase 1 Improvements will create a completely accessible pedestrian path of travel to and within the waterfront.
 - M. The NEVP Phase 1 “Improvements to existing water and sewer lines, streets, sidewalks, parkways, and lighting in the public right-of-way; continued participation in the enhancement of the public transit system” are specific means to contribute to blight removal as identified on page 4 of the work program of the Implementation Plan adopted on June 19, 2009 pursuant to California Health and Safety Code 33490.
 - N. The NEVP Phase 1 Improvements will enhance the neighborhood and replace inadequate public improvements. The NEVP Phase 1 Improvements will remove and replace these adverse conditions, upgrading to match the improvements on nearby streets.

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

There are no other reasonable means available to the City for financing the NEVP 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. 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 the total General Fund revenues.

The decline in these four major revenues in the Fiscal Year 2011 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 Adopted Budget.

- C. In Fiscal Year 2011 sales tax is budgeted at \$187.5 million, which represents a decrease of \$22.7 million or 10.8 percent from the Fiscal Year 2010 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 Fiscal Year 2010 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 Fiscal Year 2010 Annual Budget due to a decline in refuse haulers tonnage.
- D. The City's Fiscal Year 2011 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 Fiscal Year 2010 Adopted Budget. The Fiscal Year 2011 Adopted Budget includes 7,067.98 budgeted full time equivalent ("FTE") positions, a decrease of 328.94 FTE positions over the Fiscal Year 2010 Budget. The net decrease in General Fund positions is primarily due to the reduction of 485.16 FTE positions as part of the revised Fiscal Year 2010 Budget approved by the City Council that has been incorporated in the Fiscal Year 2011 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 fiscal year 2011.
- E. The City's Fiscal Year 2011 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 Fiscal Year 2011 CIP Adopted Budget totals \$299.6 million. This is a reduction of \$153.6 million or 33.9 percent from the Fiscal Year 2010 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. Fiscal Year 2012 to continue efforts to address the City's approximately \$900 million backlog of deferred projects.
- H. The cost of the Improvements is approximately \$29,600,000. There are currently no funds allocated in the Fiscal Year 2011 Adopted CIP Budget to fund the Improvements.

V. FACTS SUPPORTING THAT THE PAYMENT PROVIDED BY THE AGENCY IS CONSISTENT WITH THE FIVE-YEAR IMPLEMENTATION PLAN

A. The payment of Agency funds toward the cost of the NEVP Phase 1 Improvements is consistent with the Fourth Five-Year Implementation Plan adopted on June 19, 2009 for the Project Area pursuant to California Health and Safety Code 33490; in that:

- (1) The NEVP Phase 1 Improvements address the specific goals and objectives of the Fourth Five-Year Implementation Plan, as identified on page nine of the work program, which states in pertinent part as follows: “Encourage economically-viable development; increase economic and social vitality of bay front; provide uses and amenities that celebrate the community; provide public access and open space; create a signature expression that draws attention to the area; serve local community and tourists; and preserve and maximize bay views.” A copy of the Fourth Five-Year Implementation Plan is on file with the Agency as Document No. D-04405e.
- (2) By furthering the specific goals and objectives of the Fourth Five-Year Implementation Plan, the Phase 1A Improvements and the Agency’s payment thereof are a means to eliminate blight within the Project Area and to facilitate the objectives of the Fourth Five-Year Implementation Plan.

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

The redevelopment purpose for which Agency funds are being used to pay for the NEVP Phase 1 Improvements is to assure that downtown residents, employees and visitors have access to quality parks, open space, and recreation in the context of a safe and secure environment. As the redevelopment of downtown continues and the number of residents, employees and visitors grows, it is also important to assure that adequate facilities are available for social interaction, sense of community, cultural amenities, and recreation. Furthermore, the design and construction of an important public open space such as the NEVP Improvements is an important redevelopment purpose and will assist in attracting private investment needed to eliminate blight existing in the Project Area.