

MINUTES OF THE ADJOURNED REGULAR MEETING
ofJANUARY 3, 1978 adjourned to JANUARY 17, 1978
Adjourned to January 24, 1978

Present - Members Lowery, Williams, Schnaubelt, Gade, Stirling, Haro, and
Chairman Wilson
Absent - Members Mitchell and O'Connor

The meeting was called to order by Chairman Wilson at 9:21 a.m.

Minutes of the meeting of December 13, 1977 were unanimously approved upon the motion of Member Haro and the second of Member Lowery.

Member Mitchell arrived.

The next item being a Financing Overview and Status Report on the Centre City Redevelopment Projects, Gerald Trimble of Centre City Development Corporation presented some background on Horton Plaza Project. The Plan to revitalize downtown through the creation of a major multi-use series of developments that would serve as an activity-generator was adopted in 1972, the developer selected late in 1974. In June, 1977 the Disposition and Development Agreement was signed by the developer, Ernest W. Hahn, Inc. and approved by the Agency. To date, \$11 million in tax allocation bonds, secured by new development (not proposed development) within the project, have been issued. The developer has provided the Agency with \$100,000 good faith deposit.

Ernest Hahn then gave an update on the project, stating three things are necessary to support the development: (1) housing--lights there at night, people and people activities; (2) some sort of trade area, an economic base for the stores (225,000 people to the east, south, Coronado, and north up to the Mission Valley retailing area); and (3) introduction of people into the downtown on a regular basis, not just the 75,000-100,000 downtown workers during daytime hours, but additional consumers day and night for retail and recreational activities.

Frank Hope, architect working with the Hahn Company, explained that since the original plan diagram was introduced 2½ years ago, important changes have taken place with the Gaslamp on its way to recovery, the Marina housing plan designated, a convention center under consideration, and the Port-Embarcadero plan established.

Jon Jerde, the consultant architect, was then introduced. With diagrams and schematic drawings, he explained the new design concept which makes Horton Plaza more than just a regional shopping center but a multi-use project extending the life of the center to 18 hours a day with living, working, shops, restaurants, and entertainment. Adjacent owners and users, he said, will have their places enhanced, since there are entrances into the project from every direction and no opaque walls. Parking will be underneath and hidden from view, with an entire service bay running under the project. Some of the old buildings or their facades will be preserved. One of the department stores, it is expected, will have a tower similar to that of the Balboa Theatre. Jerde said, "This is not a lot of architecture to be judged good or bad but rather a place that exudes life and excitement. The tenants themselves and the signing will bring out the ultimate architecture."

REDEVELOPMENT AGENCY MINUTES

Trimble then described the financing of the two distinct projects: the retail, multi-use portion and the public parking. For the retail, the Agency's responsibility is to acquire the five blocks in the plan, relocate businesses, and install public improvements. Funding is to be provided through tax allocation bonds and lease revenue bonds. The tax allocation bonds already sold can be retired from the existing development in the Horton Plaza Project. The lease revenue bonds would be repaid through a reimbursement agreement from the Agency to the City out of the tax increment that flows from the retail center and the revenue from the developer's payment of taxes from the possessory interest in the parking facilities.

In reply to Member Stirling's question about the financing plan, Deputy Executive Director John Fowler said that by February 7 a report would be forthcoming which would lay out various courses of funding. The City's Operating Budget, Block Grant, and Capital Improvements could all reflect some aspect of the funding, he said.

Member Haro requested that on February 9 the City Manager be prepared to explain CDBG legislation regarding the allocation of funds specifically for redevelopment. Member Gade asked what projects in the existing CIP program will be deleted, or what kinds of trade-offs might be made. In answer to his inquiry about the source of the \$27 million for public costs, Mr. Trimble said no money would be required from the City. Tax increment of \$2.5 million annually will be produced by the Horton Plaza Project and the parking facility. "Although the tax increment is not available to other taxing jurisdictions while the bonds are being retired," Executive Director Hugh McKinley stated, "without new development there will be no tax increment flowing."

Asked by Member Gade what impact is expected from the proposed Bonita shopping center, Mr. Hahn stated that the City through the revitalization effort of Horton Plaza Project is trying to compete with other centers. The existing downtown, he claimed, isn't competing at all, but with the proposed retail, housing, cultural, recreational and social elements, Centre City would not be duplicating what can be found in the existing shopping centers that ring the city. Office space absorption, he added, will take new strides when the environment downtown is changed. In regard to sales tax sources, he stressed the tourism and recreational dollars that could be freed if San Diego would capitalize on its physical climate, rather than trying to transfer sales tax revenues from National City or North County.

Mayor Wilson commended Hahn on his presentation. "The whole effort of redevelopment," he said, "is to try to give encouragement to the private sector....I think we will probably generate sales tax revenues that wouldn't ordinarily accrue to the City but we'll also generate tax increment that certainly wouldn't otherwise come about." Without that, he continued, more than their share of the tax burden would be carried by residents of other parts of the City.

Member Lowery asked Trimble to provide projections in terms of tax revenue, not only tax increments from the projects but the taxes from the total real estate including private development in the Centre City area. "I contend," he said, "that we're going to receive revenues far in excess of this tax increment which will go to pay off the bonds....The argument is too often that we're going to lock up all the money for 30 years to pay off the revenue bonds." Mr. Trimble said that if there's enough revenue, the bonds could be retired sooner and the redevelopment projects dissolved, if the Council chooses, at which time the tax revenues would go to all taxing jurisdictions.

REDEVELOPMENT AGENCY MINUTES

Member Gade requested that along with the projections on tax revenues to be provided at Member Lowery's request, there be additional speculations on how much tax money may be kept out of the General Fund.

Member Mitchell left the meeting.

Plans for the Marina Project, next on the agenda, were then described by Trimble. The first phase, the five blocks around Pantoja (or New Town) Park, would be divided approximately in half, each half then developed respectively by the two developers named last October. Following negotiations, it is expected that the Disposition and Development Agreement will be brought before the Agency in late spring for approval; then land acquisition would begin, utilizing the developers' advance of land proceeds as well as an advance from the City to the Agency. Before construction, tax allocation bonds could be sold; they would be secured by the Marina residential development and by the development to be under way soon by the Port District in Seaport Village, later on Navy Field. The advance from the City, Mr. Trimble said, would be a series of phases through 1984, kept to a maximum of \$4 million in any one year and totalling \$19 million.

John Fowler, in response to Member Gade's question about the source of the \$19 million, referred to the report of February 7 which will detail the probable combinations of CDBG discretionary funds; CDBG funds for low- and moderate-income housing sites; CIP outlay funds. Gade requested specific answers on trade-offs and alternatives.

Although the Columbia Project was next on the agenda, Chairman Wilson suggested the report be omitted at this time, in view of the Rules Committee having recently continued the item to February 6, 1978.

On Gaslamp, Mr. Trimble emphasized that the figures presented were only a financial forecast; that this spring a budget would be brought forward, into which the Project Area Committee would have input. Member Stirling urged a greater responsiveness to affected property owners in the Gaslamp area.

On the proposed resolution authorizing the appointment of members of the CCDC Board to the Design Review Board, Member Haro questioned the credibility of such an architectural review process. It was explained that the process is required by the Redevelopment Plans for Centre City; that it would be facilitated in this manner; that, further, a design consultant, probably local, would be retained. Counsel Valderhaug requested that the final paragraph be deleted, its having been included inadvertently.

RESOLUTION NO. 364, authorizing the appointment of members of the CCDC Board to the Design Review Board for all Centre City projects, was adopted on motion of Member Stirling, and second of Member Lowery, with the following vote: Yeas-- Lowery, Williams, Schnaubelt, Gade, Stirling, Wilson; Nay--Haro.

The next proposed resolution was to extend the agreement with Eugene B. Jacobs for legal services. Member Stirling suggested that local talent be used or "a local guy trained." The expertise and wide experience of Mr. Jacobs in redevelopment policy was cited by Mr. Trimble, who added, however, that consideration would be given the suggestion.

REDEVELOPMENT AGENCY MINUTES

RESOLUTION NO. 365, authorizing a Fourth Amendment to Agreement with Eugene B. Jacobs, a Professional Corporation, for special legal services; and authorizing the expenditure of an amount not to exceed \$50,000 for said services, was unanimously approved, with Member Stirling having so moved and Member Lowery seconding the motion.

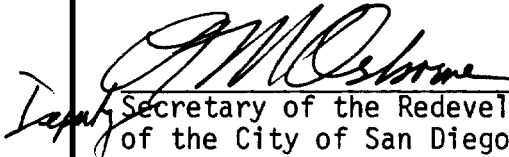
The last item on the agenda, the "Matter of Response to Councilman Gade's Questions on CCDC Activities," was continued to the next meeting, the motion therefor being made by Member Gade and seconded by Member Lowery, all present voting Yea.

The meeting was adjourned at 11:28 a.m.



Chairman of the Redevelopment Agency
of the City of San Diego, California

ATTEST:



Secretary of the Redevelopment Agency
of the City of San Diego, California