

**THE SPECIAL CITY COUNCIL/
REDEVELOPMENT AGENCY MEETING
OF
JULY 1, 1997**

The meeting called to order as the City Council at 10:18 a.m.

Roll Call Mathis, Wear, Kehoe, Stevens, Warden,
Stallings, McCarty, Vargas and Mayor Golding

City Manager, Jack McGrory
City Attorney, Leslie J. Girard
Secretary, Jack Fishkin

The meeting adjourned as the City Council at 10:20 a.m.

The meeting reconvened as the Housing Commission at 10:21 a.m.

The meeting adjourned as the Housing Commission at 10:23 a.m.

The meeting reconvened as the Redevelopment Agency at 10:28 a.m.

ADOPTION

1. Approving resolution to:

- Item A. Authorize the Executive Director or designee to accept a loan of \$385,000 from the Contributions to Redevelopment Agency Fund (Fund 10227) to the Mercado Commercial project Fund (Fund 98901, Dept. 989015) to be repaid from UDAG grant funds (Fund 98901, Dept. 989013) when received by the Agency; and
- Item B. Authorize the expenditure of \$385,000 to settle all claims of loss of goodwill, relocation, legal and additional administrative costs; and
- Item C. Amend the FY98 Redevelopment Agency Budget to establish and appropriate \$385,000 for the Barrio Logan City Loan Repayment Fund; and
- Item D. Authorize a loan of \$385,000 from the Contributions to Redevelopment Agency Fund to the Mercado Commercial Project and Authorize Expenditure of \$385,000 to settle all claims of Loss of Goodwill, Relocation and administrative costs.

See Redevelopment Agency report dated June 13, 1997.

Council Companion Item No. 333.

No one spoke in opposition to these items.

Patricia K. Hightman, Deputy Executive Director, Redevelopment Agency, presented the staff report, and gave an overview of the project.

Councilmember Stevens had a concern about the \$385,000. He asked where are the funds coming from for the \$385,000?

Ms. Hightman responded from the CCDC budget.

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Councilmember Stevens asked who would be responsible for repaying back CCDC?

Ms. Hightman said they are repaying a loan that they would be paying in FY 99, so they are paying it early, a prepayment early, so that gives us a year in which to account for that \$385,000, that would be normally targeted toward the Lycum Theater Foundation in FY 99.

Councilmember Stevens said that when the UDAG Grant comes through would it then would pay back CCDC?

Ms. Hightman said it would go toward the Lycum Theater Foundation in FY 99.

Councilmember Stevens asked if the UDAG Grant did not come through then CCDC would be out of the dollars?

Ms. Hightman said that in FY 99 we need to address the Lycum Theater Foundation.

Councilmember Stevens asked addressed what does that mean?

Ms. Hightman said theirs is a payment, not a debt service payment, but there has been a policy issue that the Council has been contributing funds to the Lycum Theater Foundation. CCDC has been the source of that each year, and they are prepaying their contribution, that would be in FY 99 by prepaying a loan, repayment to the city, and using it for this. It gives us a year to address the issue.

Councilmember Warden asked the UDAG Grant is that a definite grant for FY 98?

Ms. Hightman responded the UDAG Grant has been approved, and there is a slight risk that if we are unable to identify a developer and get the financing in place, that we will have to look else where, but we are also addressing this with HUD.

Councilmember Warden asked how definite the funds were, and how are we going to back this up? She said when we do this in the city, and we need to do this in a variety of projects.

Ms. Hightman responded yes, there is written documentation, that will reflect whatever the Council action is today.

Councilmember Kehoe asked is this stop gap funding from CCDC to cover the lag time in getting this UDAG money from HUD?

Ms. Hightman answered yes that is correct.

Councilmember Kehoe stated the reason we are not getting the money from HUD because San Diego Mercado Associates. The developers are having delays receiving final letters of commitments from their financial backers. The key to get the money from HUD to have the Juarez family gets in writing the proof of financial backing. She asked is that forth coming?

Ms. Hightman said that is correct.

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Councilmember Kehoe asked what is coming in?

Ms. Hightman said Mr. Juarez has the option or proposal that he is working on. We have been working with him and banks.

Councilmember Kehoe said this development is a key to revitalizing the Barrio, the housing project that was done is terrific. She said nothing seems to be happening commercially. Ms. Kehoe asked is there anything we can do to assist them in bringing in commercial?

Ms Hightman said we are exploring other options of other uses, and other development entities.

Councilmember Kehoe asked what happens if this is not approved?

Ms. Hightman said we are in extreme difficulty because we have acquired and torn down the property, so we do not have property to give back. This is a settlement on an acquisition, again this is within budget, and is a cash flow issue.

Penny Culbreth-Graft, Assistant City Manager, said what we were trying to do was to basically buy ourselves a year to get the project moving forward; and working on it very aggressively; and this very acute for us because of a settlement order that we have, and basically run out of time on the flexibility.

She said we have worked with the Auditor for alternatives for covering that. The Redevelopment Agency will have the obligation, and we do have flexibility to the end of this fiscal year, and have options next fiscal year. Ms. Culbreth-Graft said she wanted to convey to Council it is not likely that we would not be able to pay that this year, if we did it would be carried over into another year with action of council without actually affecting any fund balance.

The Auditor was very eager to work with us and make sure that we had an aggressive plan in place this year, before we brought this action forward. So there are several arenas that we can work on to make sure that this repayment occurs, and we believe that this will happen. We been working with the council district office on the project. We looked at CDBG alternatives for paying it, and we felt this was the most which give us the best amount of time to create an environment where we can repay it easily.

Councilmember Wear said he been driving by the site and asking questions in the last year. He said this a good project. Mr. Wear stated want to make use that if we move money around it will go back to CCDC.

Ms. Hightman said money would go toward the contribution that CCDC would be making in FY 99 to the Lycum Theater. So what they are doing is prepaying an FY 99 obligation.

Councilmember Wear said we are accounting for the dollars in that way. He said in the future if it CCDC related issues would like to know about it.

Ms. Hightman responded absolutely, and CCDC board approved it last Friday.

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Councilmember Vargas stated this is a very difficult project, and when you try to build a large development in an area that is very improvise, it is very difficult and challenging. I think that it is the same issue that we have with housing, people always ask why it is difficult to built housing for people that are poor. It is very difficult to build housing for people that are poor. If you are wealthy, you can afford a large house, and lots of things. This is a neighborhood that is poor, and we are tying to redeveloped it, and bring in something that is valuable, and that is very difficult. It is very difficult to redevelop the Barrio. Mr. Vargas said hopefully this year we can get it going.

Motion by Member Vargas to approve (with McCarty in opposition)

Second by Member Mathis

Vote: 8-1

Redevelopment Agency Resolution number R-2772; City Council Resolution number R-288918.

ADJOURNMENT

The meeting adjourned at 10:45 a.m.

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