



Report No. CCDC-05-17
CCDC-05-07

DATE ISSUED: April 13, 2005

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Honorable Mayor and Members of the City Council
Docket of April 19, 2005

SUBJECT: Funding for the New Downtown Main Library
East Village Redevelopment District of the Expansion Sub Area
Joint Public Hearing

REFERENCE: Procurement Contract - Construction Manager at Risk
New Downtown Main Library Budget
New Downtown Main Library Construction Cost Comparison
Budget Update/Value Engineering Monitor
New Downtown Main Library Schedule
Summary Construction Phase Requirements/Cash Flow for Main Library
Schedule of Projected Expenditures and Encumbrances
Summary Pertaining to the Use of Tax Increment
Declaration of Intent
Five Year Revenue Forecast
Summary of Potential Bond Proceed Uses

STAFF CONTACT: Frank Alessi, Vice President and Chief Financial Officer

SUMMARY:

Issue - Should the Redevelopment Agency:

- Authorize the use of tax increment to assist funding the construction of the New Downtown Main Library ("Library") up to a total amount of \$80 million accepting the Declaration of Intent by Centre City Development Corporation; and
- Make certain determinations and findings that: the Library is of benefit to the Project or immediate neighborhood; that there is no other reasonable means of financing the project; that the payment of funds by the Agency for the costs related to the Library will assist in the elimination of one or more blighting conditions and the expenditure is consistent with the Implementation Plan of the Centre City Redevelopment Project; and that the Agency agrees to assist in funding the construction of the Library?

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And Should the City Council:

- Adopt a resolution making certain determinations and findings that:

The Library is of benefit to the Project or immediate neighborhood; that there is no other reasonable means of financing the project; that the payment of funds by the Agency for the costs related to the library will assist in the elimination of one or more blighting conditions and the expenditure is consistent with the Implementation Plan of the Centre City Redevelopment Project; and that the Agency agrees to assist in funding the construction of the Library and consents to the Agency assisting in the funding of the construction of the Library?

Staff Recommendation - That the Redevelopment Agency:

- Authorize the use of tax increment to assist funding the construction of the New Downtown Main Library ("Library") up to a total amount of \$80 million accepting the Declaration of Intent by Centre City Development Corporation; and
- Make certain determination and findings that: the Library is of benefit to the Project or immediate neighborhood; that there is no other reasonable means of financing the project; that the payment of funds by the Agency for the costs related to the Library will assist in the elimination of one or more blighting conditions and the expenditure is consistent with the Implementation Plan of the Centre City Redevelopment Project; and that the Agency agrees to assist in funding the construction of the Library.

And Should the City Council:

- Adopt a resolution making certain determinations and findings that:

The Library is of benefit to the Project or immediate neighborhood; that there is no other reasonable means of financing the project; that the payment of funds by the Agency for the costs related to the library will assist in the elimination of one or more blighting conditions and the expenditure is consistent with the Implementation Plan of the Centre City Redevelopment Project; and that the Agency agrees to assist in funding the construction of the Library and consents to the Agency assisting in the funding of the construction of the Library.

Centre City Development Corporation ("CCDC") / Committee Recommendations- The Budget/Finance Committee of CCDC approved the initial Declaration of Intent at its February 9, 2005 meeting. Subsequently, the Declaration of Intent to increase the funding contribution from CCDC toward development of a New Downtown Main

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Library up to a total of \$80 million was approved at the Board meeting of February 23, 2005. The Joint Budget/Finance and Real Estate - Planning & Projects Committees unanimously approved at its March 9, 2005 meeting authorization to disburse up to \$6.5 million of the \$20 million programmed in the Fiscal Year 2005 Budget. The CCDC full Board is scheduled to hear this item at its March 23, 2005 meeting.

Centre City Advisory Committee ("CCAC") and Project Area Committee ("PAC") Recommendations - The CCAC and PAC approved the Declaration of Intent at its February 16, 2005 meeting with a proposed amendment to the staff's recommendation, that CCDC receives a credit or a write off, dollar for dollar, of outstanding CDBG loans and/or that CCDC is allowed to sell or redevelop the old Library site when the New Downtown Main Library is opened. The vote of the CCAC was 20 in favor and one recusal and the PAC vote was 17 in favor and one recusal.

Fiscal Impact - The proposed funding of \$80 million is represented by \$10 million funded in years prior to Fiscal Year 2005 ("FY05"), \$20 million currently programmed in the FY05 Budget, \$10 million anticipated being included in the Fiscal Year 2006 ("FY06") Budget, \$20 million in Fiscal Year 2007 ("FY07") Budget, and \$20 million in Fiscal Year 2008 ("FY08") Budget.

BACKGROUND:

In 1994, CCDC and the Redevelopment Agency ("Agency") approved an initial contribution of \$10 million from downtown redevelopment tax increment to assist the funding of a New Downtown Main Library. In 1995, the former Main Library site was acquired by the Agency as part of its overall contribution. Subsequently, the Ballpark project was located in the East Village of the Centre City Project and it was decided that the New Downtown Main Library be located in East Village. In May 2000, the City Council selected the "Park to Bay" site between 11th and 12th Avenues and "J" and "K" Streets as the location for the New Downtown Main Library. In October 2000, the City Council approved a contract with architect Rob Wellington Quigley for schematic designs. The design is proceeding for a Main Library to serve current and future needs of the more than 1.2 million residents of the City. The site was reaffirmed by the City Council July 30, 2001. Since the original design and contribution by CCDC, additional funds in the amount of \$30 million have been committed by CCDC toward accomplishing this goal of the Centre City Community Plan. The success of downtown with nearly a billion dollars in construction completed in the past year has allowed the Agency to sell tax allocation bonds providing for this year's contribution of \$20 million. It is anticipated in FY06, with nearly \$800 million in projected increases in assessed values for downtown, additional bonds may be issued providing for the commitment of \$10 million in FY06. The additional proposed commitment of \$20 million in FY07, and \$20 million in FY08 may be accommodated with the sale of tax allocation bonds in these respective years, based

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on the growth in tax increment revenues derived from more than a billion dollars of new development in downtown projected in FY07 and FY08.

The overall contribution from CCDC increases from \$40 million to \$80 million. The increased contribution from tax increment will facilitate fund-raising efforts by the City, another significant source of funding for the project.

Prior to tax increment being used directly for the cost of construction of any publicly owned building other than parking facilities, a public hearing is required by the Agency and City Council making certain findings.

The attached Summary for the Use of Tax Increment for the New Downtown Main Library (Exhibit H) provides information pertaining to the cost to be incurred by the Agency, that the New Downtown Main Library is of benefit to the project area or the immediate neighborhood, that there is no reasonable means of financing the project, the purposes for which the Agency funds are being used, that the payment that is being provided by the Agency will assist in the elimination of blighting conditions and the expenditure is consistent with the Implementation Plan of the Centre City Redevelopment Project.

Respectfully submitted,

Concurred by:

Frank J. Alessi
Vice President and Chief Financial Officer

Peter J. Hall
President

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Exhibits:

- "A" Procurement Contract - Construction Manager at Risk
- "B" Downtown Main Library Budget
- "C" Downtown Main Library Construction Cost Comparison
- "D" Budget Update/Value Engineering Monitor
- "E" Downtown Main Library Schedule
- "F" Summary Construction Phase Requirements/Cash Flow for Main Library
- "G" Schedule of Projected Expenditures and Encumbrances
- "H" Summary Pertaining to the Use of Tax Increment
- "I" Declaration of Intent
- "J" Five Year Revenue Forecast
- "K" Summary of Potential Bond Proceed Uses