



THE CITY OF SAN DIEGO
Redevelopment Agency's Report

DATE ISSUED: January 18, 2006 REPORT NO. RA-06-02

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of January 24, 2006

SUBJECT: First Amendment to the Consulting Agreement with the North Park
Association of Businesses

SUMMARY:

Issues –

- 1) Should the Redevelopment Agency Approve the First Amendment to the Agreement with the North Park Organization of Businesses for Consulting Services to the Redevelopment Agency?
- 2) Should the Redevelopment Agency Amend the Fiscal Year 2006 Redevelopment Agency budget for the North Park Redevelopment Project Area to increase appropriations and authorize expenditures in an amount not to exceed \$180,000 from North Park Series 2003 Bonds?

Executive Director's Recommendations:

- 1) Approve the First Amendment to the Agreement with the North Park Organization of Businesses for Consulting Services to the Redevelopment Agency.
- 2) Amend the Fiscal Year 2006 Redevelopment Agency budget for the North Park Redevelopment Project Area to increase appropriations and authorize expenditures in an amount not to exceed \$180,000 from North Park Series 2003 Bonds.

Other Recommendations - The North Park Project Area Committee (NPPAC) considered the First Amendment to the Agreement with the North Park Organization of Businesses at its regular meeting of June 14, 2005 and adopted a motion to recommend approval of the amendment by a vote of eight in favor, two opposed, with one abstaining.

Fiscal Impact – The First Amendment to the Agreement with the North Park Organization of Businesses for consultant services to the North Park Redevelopment Project will increase the rate of annual compensation to \$180,000 from \$125,000. Funds for this purpose are available from North Park Series 2003 Bond proceeds.

Environmental Impact – This activity is not a “project” and is therefore exempt from CEQA pursuant to the State CEQA Guidelines §15060(c)(2).

Traffic Impacts - None.

BACKGROUND

On June 15, 2004, the Redevelopment Agency of the City of San Diego approved an agreement with the North Park Organization of Businesses for consulting services related to redevelopment of the Greater North Park Redevelopment Area. Doing business as North Park Main Street, the North Park Organization of Businesses provides assistance to the Redevelopment Agency in the following areas:

- Assistance for businesses affected by the redevelopment process to encourage their continued success within the redevelopment area;
- Updating and maintaining inventories of commercial buildings in the redevelopment area including vacancies, seismic retrofit status of masonry structures, those with historical significance in a local context, etc.;
- Developing revisions of zoning and City ordinances that facilitate North Park’s arts and entertainment economic revitalization strategy while minimizing conflicts between residential and commercial uses.

Services also include, but are not limited to: evaluating the seismic retrofit status of masonry structures; evaluating the historical significance of commercial structures in a local context; assisting in implementation of the University Avenue Traffic Calming Conceptual Plan; and, developing zoning revisions that facilitate North Park’s arts and entertainment economic revitalization strategy while minimizing conflicts between residential and commercial uses. Further, North Park Main Street counsels developers on compliance with community-developed design guidelines intended to enhance the village-like atmosphere that local citizens hold as important. Compensation for consultant services under the agreement is \$125,000 annually.

DISCUSSION

The initial term of the agreement with the North Park Organization of Businesses for consultant services to the Redevelopment Agency will expire on December 31, 2005. The agreement provides for up to three one-year extensions by mutual consent of the parties. Staff believes that the services provided through this agreement are of continuing value to the North Park Redevelopment Project and that a one-year extension of the agreement is warranted.

Agency staff believes that contracting with North Park Main Street to provide the aforementioned services, more fully described in the Scope of Services attached to the

agreement, is the most cost effective manner in which to achieve Agency objectives. It should be noted that North Park Main Street has advised Agency staff that the annual cost of continuing the desired services will be \$180,000, an increase of \$55,000 per year as compared with the original agreement executing in 2004. North Park Main Street attributes the increase in the cost of services to adjustments in the organization's compensation schedule necessary to attract and retain highly experienced personnel.

Proceeds of previous tax allocation bond issues are available to fund the increase in compensation under the proposed amendment (see table below). California Community Redevelopment Law permits the use of tax increment receipts, and the proceeds of bond issues backed by tax increment, for expenses necessary to implement the Redevelopment Plan and to achieve its objectives. The agreement executed in June 2004 was funded in this manner. The services sought under the proposed consultant agreement are services that supplement those provided by Agency staff. The agreement essentially out-sources specified activities to North Park Main Street, in conformance with Redevelopment Law. Therefore, Agency staff recommends that the Redevelopment Agency extend the agreement with the North Park Organization of Businesses for one year commencing on January 1, 2006 and concluding on December 31, 2006, and increasing the rate of annual compensation to \$180,000.

STATUS OF NORTH PARK BOND PROCEEDS			
	General Uses	Housing Uses	Total
Beginning Balance (inc. interest)	\$13,983,729	\$4,621,745	\$18,605,474
Less Approved Projects:			
North Park Miscellaneous Projects	\$47,000		
North Park Theatre	\$2,204,000		
North Park Public Parking Lot	\$1,840,000		
North Park Parking Structure	\$8,338,000		
Renaissance at North Park		\$3,954,500	
North Park -Main Street	\$250,000		
30th Street Lighting	\$90,000		
Tenant Improvements - Renaissance	\$300,000		
North Park Public Parking Lot - increase	\$85,000		
North Park -Main Street	\$180,000		
Subtotal Approved Projects	\$13,334,000	\$3,954,500	\$17,288,500
Remaining Balance	\$649,729	\$667,245	\$1,316,974

ALTERNATIVE:

Do not approve the recommended actions.

Respectfully submitted,

Maureen Ostrye
Deputy Executive Director

Approved: Debra Fischle-Faulk
Assistant Executive Director

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Attachments:

1. First Amendment to the Agreement with North Park Organization of Businesses