



THE CITY OF SAN DIEGO

Redevelopment Agency's Report

DATE ISSUED: May 10, 2006

REPORT NO.: RA-06-11
RTC-06-24

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Council President and City Council
Docket of May 16, 2006

SUBJECT: Eliminate the Time Limit for Establishing Loans, Advances, and Indebtedness
in the College Grove Redevelopment Project Area

REQUESTED ACTION:

- 1) That the Redevelopment Agency recommend to the City Council adoption of an ordinance eliminating the time limit for establishing loans, advances, and indebtedness in the College Grove Redevelopment Project Area.
- 2) That the Redevelopment Agency approve the statutory pass-through payments to the affected taxing entities.
- 3) That the City Council adopt an ordinance eliminating the time limit for establishing loans, advances, and indebtedness in the College Grove Redevelopment Project Area.

STAFF RECOMMENDATION TO THE REDEVELOPMENT AGENCY:

- 1) Recommend to the City Council adoption of an ordinance eliminating the time limit for establishing loans, advances, and indebtedness in the College Grove Redevelopment Project Area.
- 2) Approve the statutory pass-through payments to the affected taxing entities.

STAFF RECOMMENDATION TO THE CITY COUNCIL:

Adopt an ordinance eliminating the time limit for establishing loans, advances, and indebtedness in the College Grove Redevelopment Project Area.

SUMMARY:

In October 2001, the State legislature amended California Redevelopment Law (Health and Safety Code Section 33333.6(e)) to authorize local legislative bodies to adopt ordinances eliminating the time limits on the establishment of loans, advances, and indebtedness for Redevelopment Plans adopted prior to January 1, 1994. The amendment included a provision that a redevelopment agency would need to pay to each affected taxing agency EITHER of the following: a) If there is an existing tax sharing agreement, the redevelopment agency would continue to pay the amount required by that agreement for that taxing agency; OR b) If there is a

not an existing tax sharing agreement, the redevelopment agency would pay the affected taxing agency statutory pass-through payments pursuant to Section 33607.7 of the Redevelopment Law.

Approval of the requested action would eliminate the time limits on the establishment of loans, advances and indebtedness for the College Grove Project Area and authorize the Agency to commence making annual tax-sharing payments to the affected taxing entities from tax increment revenue generated by the College Grove Project Area.

The 167-acre College Grove Redevelopment Project Area is generally bounded by State Route 94, College Avenue, College Grove Drive, and Chollas Lake Park. The College Grove Redevelopment Plan, adopted in 1986, authorizes the undertaking of redevelopment activities through May 2026, the repayment of debt from plan activities through May 2036, and the time limit for establishing loans, advances, and indebtedness through May 2006. Although this action requests the elimination of the time limit for incurring debt, the de facto time limit would be May 2026.

The Project Area must have debt to receive tax increment revenue. Such debt could be in the form of developer agreements, tax allocation bonds, or commitments to the City to provide specific public improvements. Elimination of the time limit for incurring debt will enable the Agency to continue to carry out the projects identified in the College Grove Third Implementation Plan adopted in June 2004 which identifies the need for providing required community facilities and public services, improved streets and traffic circulation, and to provide affordable housing as required by State law and consistent with the goals and objectives of the City and the Agency.

In addition to the activities identified in the College Grove Third Implementation Plan, the Agency has an obligation to widen and improve College Avenue under a 1998 Disposition and Development Agreement with Wal-Mart, the anchor tenant at the College Grove Shopping Center. Planned improvements include the widening of College Avenue, enhancement of medians on College Grove Drive and installation of a traffic signal at the intersection of College Avenue and Livingston Street/SR-94 off-ramp. Other identified projects include improvements to the Chollas Lake Recreation Area to bring the park up to the standards called for in the Chollas Lake Recreation Area General Development Plan. Available funds also will be used for affordable housing improvements in the surrounding area.

FISCAL CONSIDERATIONS:

Attachment 1, Projected Future Tax Increment (TI) for the College Grove Redevelopment Area, shows the projected tax increment revenues, the distribution of payments to the affected taxing entities and the net amount of additional revenue which would be available for projects if the time limit is eliminated. Redevelopment Law requires that when the time limit to incur debt is eliminated, the Agency must commence making annual tax-sharing payments to any taxing entity with which it does not have a tax-sharing agreement. For the College Grove Project Area, the Agency has an existing tax-sharing agreement with the County of San Diego. The remaining affected taxing entities with whom there are no agreements are the County Office of Education, San Diego City Schools, Community College District, the County Water Authority, Grossmont Union High School District, and Grossmont-Cuyamaca Community College District.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

The Agency and City Council approved the repeal of the debt incurrence time limit for the Mount Hope Redevelopment Project Area at two separate meetings on September 20, 2005 and

October 10, 2005 (R-03952 and O-19417). The same action is now proposed for the College Grove Redevelopment Area.

COMMUNITY PARTICIPATION & PUBLIC OUTREACH EFFORTS:

In their review of the College Grove Third Implementation Plan and Project Financing Plan the Oak Park Community Council, the Eastern Area Planning Committee and the Chollas Recreation Area Recreation Council recommended that the Agency commit available funding for projects identified in those plans.

Respectfully submitted,

Maureen Ostrye
Acting Deputy Director

Approved: James T. Waring
Deputy Chief Operating Officer
Land Use and Economic Development

Attachment: Projected Future Tax Increment for the College Grove Redevelopment Area