



THE CITY OF SAN DIEGO

Redevelopment Agency's Report

DATE ISSUED: February 27, 2008 REPORT NO: RA-08-02
RTC-08-22

ATTENTION: Honorable Chair and Members of the Redevelopment Agency,
Council President and City Council
Docket of March 4, 2008

SUBJECT: Funding for the Barrio Logan Redevelopment Project Area

REQUESTED ACTION:

Should the Redevelopment Agency:

1. Amend the Fiscal Year 2008 budget of the Southcrest Redevelopment Project Area to increase the appropriation and authorize expenditures of \$675,000 of taxable bond proceeds for the repayment of a loan to the City of San Diego?
2. Accept the transfer of \$675,000 from the City of San Diego as an interest bearing loan to be used for the Barrio Logan Redevelopment Project Area?
3. Amend the Fiscal Year 2008 budget for the Barrio Logan Redevelopment Project Area to increase the appropriation and authorize expenditures up to \$675,000 for the purposes and benefit of the Project Area?

Should the City Council:

1. Accept a loan repayment from the Southcrest Redevelopment Project Area to the City of San Diego in the amount of \$675,000?
2. Authorize the transfer of \$675,000 as an interest bearing loan to be used in the amended Fiscal Year 2008 Agency budget for the Barrio Logan Redevelopment Project Area?

STAFF RECOMMENDATION:

It is recommended the Redevelopment Agency adopt resolutions to:

1. Amend the Fiscal Year 2008 budget of the Southcrest Redevelopment Project Area to increase the appropriation and authorize expenditures of up to \$675,000 of taxable bond proceeds for the repayment of a loan to the City of San Diego.

2. Accept the transfer of \$675,000 from the City of San Diego as an interest bearing loan to be used for the Barrio Logan Redevelopment Project Area.
3. Amend the Fiscal Year 2008 budget for the Barrio Logan Redevelopment Project Area to increase the appropriation authorize expenditures up to \$675,000 for the purposes and benefit of the Project Area.

It is recommended the City Council adopt resolutions to:

1. Accept a loan repayment from the Southcrest Redevelopment Project Area to the City of San Diego in the amount of \$675,000.
2. Authorize the transfer of \$675,000 as an interest bearing loan to be used in the amended Fiscal Year 2008 Agency budget for the Barrio Logan Redevelopment Project Area.

SUMMARY:

The Barrio Logan Redevelopment Project Area is experiencing cash flow difficulties. The proposed reloan will stabilize the Project Area's cash flow.

FISCAL CONSIDERATIONS:

The proposed reloan to Barrio Logan will be accomplished by the repayment of existing debt (debt to the City) from the Southcrest Redevelopment Project Area. The Southcrest Redevelopment Project Area will repay \$675,000 of debt owed to Fund 10227 (Sales Tax Revenue). This fund transfer is made possible through the use of the FY 2007 taxable bond proceeds.

In regards to the loan to the Barrio Logan Redevelopment Project Area, interest will be charged to the loan at the Prime Rate, plus 2% as specified for all City loans to the Redevelopment Agency per City Council Resolution R-284215, (Adopted July, 28, 1993). The actual rate charged would be updated annually as prescribed in the aforementioned resolution.

It is the intent of this action that upon repayment of this loan to the City by the Barrio Logan Redevelopment Project Area, the City will reinvest the proceeds into public improvements within the Southcrest community, should public improvements be needed at the time of repayment.

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PREVIOUS AGENCY, COUNCIL and/or COMMITTEE ACTION:

None

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

On January 23, 2008 this item was presented to the Board of Directors of the Southeastern Economic Development Corporation. The Board voted unanimously to recommend the Agency to support the proposed action.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The Southcrest Redevelopment Project Area will utilize taxable bond proceeds to repay the debt. As the current interest rate charged by the City is higher than the interest on the bonds, this transaction is economically beneficial to Southcrest. Additionally, the residents and businesses of the Barrio Logan Redevelopment Project Area will benefit from the continuation of redevelopment efforts within the community.

Respectfully submitted:

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Redevelopment Agency/
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Carolyn Y. Smith
President
Southeastern Economic Development
Corporation

Approved:

William Anderson
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Redevelopment Agency/
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Land Use and Economic Development