



THE CITY OF SAN DIEGO

Redevelopment Agency's Report

DATE ISSUED: November 12, 2008 Report NO: RA-08-35
RTC-08-171

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Council President and Members of the City Council
Docket of December 2, 2008

SUBJECT: Design and Construction of Park Improvements for a Park (City
Heights Square Mini Park) Located in the City Heights
Redevelopment Project Area

REFERENCE: Staff Report Nos. RA-04-26, RA-05-10, CMR-05-094, RA-07-31

REQUESTED ACTION:

For the Agency Board:

- 1) Should the Redevelopment Agency make necessary findings that the park improvements to be constructed on designated park property located on 43rd Street between University Avenue and Polk Street (City Heights Square Mini Park) within the City Heights Redevelopment Project Area will be of benefit to the City Heights Redevelopment Project Area (Project Area), that there are no other reasonable means of financing the improvements, that the improvements will assist in the elimination of blight within the Project Area, and that the project is consistent with the Third 5-Year Implementation Plan adopted on June 15, 2004 for the City Heights Redevelopment Project?
- 2) Should the Redevelopment Agency appropriate, contribute and transfer an amount not to exceed \$731,500 of tax increment funds from the City Heights Redevelopment Project Area, as allocated in its Fiscal Year 2009 Budget, to the City of San Diego for deposit into Fund Number 10297, CH RDA CONTRIB TO CIP, as an increase in the Fiscal Year 2009 Capital Improvement Program Budget in CIP No. 29-956.0, City Heights Square Mini Park, to be used toward the cost of design and construction of the park improvements, contingent upon the City Comptroller certifying availability of funds?
- 3) Should the Redevelopment Agency of the City of San Diego accept any and all funds remaining in the Fiscal Year 2009 Capital Improvement Program Budget in CIP No. 29-956.0, City Heights Mini Park, Fund Number 10297, CH RDA CONTRIB TO CIP, in the event the park shall not be designed and constructed for any reason?

For the City Council:

- 1) Should City Council make necessary findings that the park improvements to be constructed on designated park property located on 43rd Street between University Avenue and Polk Street (City Heights Square Mini Park) within the City Heights Redevelopment Project Area will be of benefit to the City Heights Redevelopment Project Area (Project Area), that there are no other reasonable means of financing the improvements, that the improvements will assist in the elimination of blight within the Project Area, and that the project is consistent with the Third 5-Year Implementation Plan adopted on June 15, 2004 for the City Heights Redevelopment Project?
- 2) Should the City Council authorize the Mayor or designee to take all necessary actions to secure funding in an amount not to exceed \$731,500 from the Redevelopment Agency of the City of San Diego to be used toward the cost of design and construction of the park improvements?
- 3) Should the City Council authorize the Auditor and Comptroller to establish a special interest-bearing account Fund Number 10297, City Heights Redevelopment Capital Improvement Program Contributions (CH RDA CONTRIB TO CIP), for the deposit of Redevelopment Agency funds from the City Heights Redevelopment Project Area, as allocated in its Fiscal Year 2009 Budget, to be used toward the cost of design and construction of park improvements?
- 4) Should the City Council authorize the Auditor and Comptroller to accept an amount not to exceed \$731,500 from the City Heights Redevelopment Project Area and deposit said funds into Fund Number 10297, CH RDA CONTRIB TO CIP?
- 5) Should the City Council authorize the addition of CIP No. 29-956.0, City Heights Square Mini Park, to the Fiscal Year 2009 Capital Improvement Program (CIP)?
- 6) Should the City Council authorize a \$731,500 increase in the Fiscal Year 2009 Capital Improvement Program Budget in CIP No. 29-956.0, City Heights Square Mini Park, Fund Number 10297, CH RDA CONTRIB TO CIP?
- 7) Should the City Council authorize the Auditor and Comptroller to appropriate and expend \$731,500 from CIP No. 29-956.0, City Heights Square Mini Park, Fund Number 10297, CH RDA CONTRIB TO CIP, for the purpose of design and construction of park improvements?
- 8) Should the City Council authorize the Auditor and Comptroller to transfer back to the Redevelopment Agency of the City of San Diego any and all funds remaining in the Fiscal Year 2009 Capital Improvement Program Budget in CIP No. 29-956.0, City Heights Square Mini Park, Fund Number 10297, CH RDA CONTRIB TO CIP, in the event the park shall not be designed and constructed for any reason?

STAFF RECOMMENDATION TO THE REDEVELOPMENT AGENCY:

- 1) Make the necessary findings that the park improvements to be constructed on designated park property located on 43rd Street between University Avenue and Polk Street (City Heights Square Mini Park) within the City Heights Redevelopment Project Area will be of benefit to the City Heights Redevelopment Project Area (Project Area), that there are no other reasonable means of financing the improvements, that the improvements will assist in the elimination of blight within the Project Area, and that the project is consistent with the Third 5-Year Implementation Plan adopted on June 15, 2004 for the City Heights Redevelopment Project;

- 2) Authorize the Redevelopment Agency to appropriate, contribute and transfer an amount not to exceed \$731,500 of tax increment funds from the City Heights Redevelopment Project Area, as allocated in its Fiscal Year 2009 Budget, to the City of San Diego for deposit into Fund Number 10297, CH RDA CONTRIB TO CIP, as an increase in the Fiscal Year 2009 Capital Improvement Program Budget in CIP No. 29-956.0, City Heights Square Mini Park, to be used toward the cost of design and construction of the park improvements, contingent upon the City Comptroller certifying availability of funds; and
- 3) Authorize the Redevelopment Agency of the City of San Diego accept any and all funds remaining in the Fiscal Year 2009 Capital Improvement Program Budget in CIP No. 29-956.0, City Heights Mini Park, Fund Number 10297, CH RDA CONTRIB TO CIP, in the event the park shall not be designed and constructed for any reason.

STAFF RECOMMENDATION TO THE CITY COUNCIL:

- 1) Make the necessary findings that the park improvements to be constructed on designated park property located on 43rd Street between University Avenue and Polk Street (City Heights Square Mini Park) within the City Heights Redevelopment Project Area will be of benefit to the City Heights Redevelopment Project Area (Project Area), that there are no other reasonable means of financing the improvements, that the improvements will assist in the elimination of blight within the Project Area, and that the project is consistent with the Third 5-Year Implementation Plan adopted on June 15, 2004 for the City Heights Redevelopment Project;
- 2) Authorize the Mayor or designee to take all necessary actions to secure funding in an amount not to exceed \$731,500 from the Redevelopment Agency of the City of San Diego to be used toward the cost of design and construction of the park improvements;
- 3) Authorize the Auditor and Comptroller to establish a special interest-bearing account Fund Number 10297, City Heights Redevelopment Capital Improvement Program Contributions (CH RDA CONTRIB TO CIP), for the deposit of Redevelopment Agency funds from the City Heights Redevelopment Project Area, as allocated in its Fiscal Year 2009 Budget, to be used toward the cost of design and construction of park improvements;
- 4) Authorize the Auditor and Comptroller to accept an amount not to exceed \$731,500 from the City Heights Redevelopment Project Area and deposit said funds into Fund Number 10297, CH RDA CONTRIB TO CIP;
- 5) Authorize the addition of the CIP No. 29-956.0, City Heights Square Mini Park, to the Fiscal Year 2009 Capital Improvement Program (CIP);
- 6) Authorize a \$731,500 increase in the Fiscal Year 2009 Capital Improvement Program Budget in CIP No. 29-956.0, City Heights Square Mini Park, Fund No. 10297, CH RDA CONTRIB TO CIP;
- 7) Authorize the Auditor and Comptroller to appropriate and expend \$731,500 from CIP No. 29-956.0, City Heights Square Mini Park, Fund Number 10297, CH RDA CONTRIB TO CIP, for the purpose of design and construction of park improvements; and
- 8) Authorize the Auditor and Comptroller to transfer back to the Redevelopment Agency of the City of San Diego any and all funds remaining in the Fiscal Year 2009 Capital Improvement Program Budget in CIP No. 29-956.0, City Heights Square Mini Park, Fund Number 10297, CH RDA CONTRIB TO CIP, in the event the park shall not be designed and constructed for any reason.

SUMMARY:

Price Charities (previously known as San Diego Revitalization Corporation) has master planned the majority of the block bounded by University Avenue, Fairmount Avenue, Polk Avenue and 43rd Street to include a senior housing project, a community clinic, an office and retail project, and a mini-park. Price Charities (previously known as San Diego Revitalization Corporation), the developer of the proposed City Heights Square Office and Retail Project, established a working partnership with City Heights Square, L.P. for the planning and development of the City Heights Square Senior Housing Project and La Maestra Family Clinic for the planning and development of a new primary medical care facility. The Agency has assisted this master planning effort and is currently preparing a Second Implementation Agreement to the Disposition and Development Agreement (DDA) with Price Charities for the City Heights Square Office and Retail Project to reflect a change from an office and retail project to a commercial and residential mixed-use project. The Agency entered into a separate Disposition and Development Agreement with City Height Square, L.P. for the development of City Heights Square Senior Housing Project. The proposed La Maestra primary medical care facility development is expected to proceed without direct Agency assistance. Together, the four organizations have collaborated to develop a 2.7 acre master plan, shown in the Site Map provided as Attachment A.

The City Heights Square master plan includes a 5,348 square feet public mini-park located on 43rd Street adjacent to the proposed commercial and residential mixed-use project, the proposed primary medical care facility and the existing City Heights Square Senior Housing project. The Agency currently owns the land designated to be constructed as a park and will pay for the design and construction of the park. Once the park improvements are constructed, the Agency will convey the park property to the City. Detailed design for the park has not yet been undertaken and will take place per Council Policy 600-33, Community Notification and Input for City-wide Park Development Projects.

It is expected that the proposed mini-park will be constructed following completion of construction of the neighboring commercial and residential mixed-use project by Price Charities and the primary medical care facility by La Maestra, given that the park property will be used as a staging area during construction of these development projects. In this regard, La Maestra was previously granted a Right of Entry Permit by the Agency for use of the park property until the earlier of completion of its project or three years from the effective date of the Right of Entry Permit. In addition, any park improvements that may be constructed during construction of the neighboring projects would likely be destroyed by the adjacent construction activity.

The costs for the design and construction of the park improvements will be paid in accordance with applicable prevailing wage laws. A preliminary cost estimate for the

design and construction of park improvements was prepared by City Planning and Community Investment, Park Planning. The preliminary cost estimate provides that an amount not to exceed \$731,500 is required for the design and construction of the park improvements.

Once the park improvements are completed, the Agency will convey the park site to the City. Maintenance for the mini-park will be provided by the property owners of the adjacent developments pursuant to a written agreement by and between the City and adjacent property owners. The form of the maintenance agreement between the adjacent property owners and the City of San Diego and the cooperation agreement between the Redevelopment Agency of the City of San Diego and the City of San Diego are currently being prepared and will be presented to the City Council for consideration in early 2009.

FINDINGS:

State Law requires that certain findings be made by the Agency and City Council prior to the expenditure of Agency funds for public facilities/improvements. Attachment B recites the proposed findings with respect to the benefits of the proposed park improvements in the City Heights Redevelopment Project Area, that there are no other reasonable means to finance the proposed improvements, that the proposed improvements will assist in the elimination of blighting conditions inside the Project Area, and that the proposed improvements are consistent with the Third 5-Year Implementation Plan adopted on June 15, 2004 for the City Heights Redevelopment Project pursuant to Health and Safety Code 33490.

FISCAL CONSIDERATIONS:

The preliminary cost estimate for the design and construction of park improvements is an amount not exceed \$731,500, to be funded by tax increment funds from the Agency's City Heights Redevelopment Project Area as allocated in its Fiscal Year 2009 Budget.

ENVIRONMENTAL IMPACT:

This activity is exempt from CEQA Guidelines Section 15060 (c)(3) (General Rule). This action authorizes the transfer of funds from the Redevelopment Agency of the City of San Diego. Any future activity involving construction associated with this action will be subject to a separate environmental review as required by CEQA.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

The Disposition and Development Agreement (DDA) for City Heights Square Office and Retail Project between San Diego Revitalization Corporation (currently named Price Charities) and the Redevelopment Agency was approved on May 3, 2005. The First Implementation Agreement to the DDA was approved by the Redevelopment Agency on November 13, 2007.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

On April 27, 2005, the City Heights Project Area Committee (PAC) voted to recommend the approval of the current City Heights Square Office Retail Project. On May 2, 2005, the City Heights Area Planning Committee (CHAP) voted to recommend approval of the City Heights Square Office Retail Project DDA. On October 8, 2007 the City Heights PAC voted 15-0-0 to recommend approval of the First Implementation Agreement to the DDA. Community participation in the design of the park will take place per Council Policy 600-33, Community Notification and Input for City-wide Park Development Projects.

KEY STAKEHOLDERS & PROJECTED IMPACTS (if applicable):

Property owners, residents, visitors, and merchants of the City Heights Redevelopment Project Area.

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Attachments:

A-Site Map

B-Findings of Benefit