

DATE ISSUED: March 4, 2009

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of March 10, 2009

ORIGINATING DEPT.: Centre City Development Corporation

SUBJECT: Fiscal Year 2008-2009 Budget Amendment –
Centre City Redevelopment Project

COUNCIL DISTRICTS: Districts 2 & 8

REFERENCE: None

STAFF CONTACT: Frank Alessi, Vice President and Chief Financial Officer (619-533-7130)

REQUESTED ACTION: That the Redevelopment Agency (“Agency”) approve an amendment to the Fiscal Year 2008-2009 Budget (“FY09 Budget”) increasing the provision for City Payments from \$5.0 million to \$11.315 million to accommodate payments for debt service on the Ballpark Bonds.

STAFF RECOMMENDATION: That the Agency approve an amendment to the FY09 Budget increasing the provision for City Payments from \$5.0 million to \$11.315 million to accommodate payments for debt service on the Ballpark Bonds.

SUMMARY: During the FY09 budget process staff worked on a long-term financial plan that included repayments to the City of San Diego (“City”). Following requests from the Mayor’s office, the concept of early repayment was evaluated and as a result, a \$5 million City repayment was incorporated into the FY09 Budget. At the City’s Fiscal Year 2009 Budget hearing on June 9, the City Council voted 6-2 to increase the City repayments from the Agency by \$2.5 million bringing the total repayment to \$7.5 million in FY09. Recently, with the continuation of slow economic growth and the City budget crisis, the Mayor’s office has requested an increase in payments to cover the \$11.3 million of debt service on the Ballpark Bonds. A separate item on the agenda “Second Amendment to the Ballpark Cooperation Agreement” provides for the appropriate action of the Agency and the City Council to allow for the Agency to make payments for the debt service on the Ballpark Bonds. This amendment to the FY09 Budget facilitates the payment for this year.

FISCAL CONSIDERATIONS: The FY09 Budget totals \$235.5 million financed with tax allocation bonds, developer proceeds, interest income, and other income. Included in the \$235.5 million is a line item identified as Future Year Project Carryforward containing \$27.8 million which provides for funding of programs being implemented in multi-years. The additional \$6.315 million repayment reduces this line item and defers or reduces the amount available for future year projects. The City Repayment line item will increase by a like amount.

CENTRE CITY DEVELOPMENT CORPORATION RECOMMENDATION:

On January 21, 2009, the Centre City Development Corporation Board voted unanimously on for approval of staff recommendations.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

On January 14, 2009, Centre City Advisory Committee voted unanimously for approval of staff recommendations.

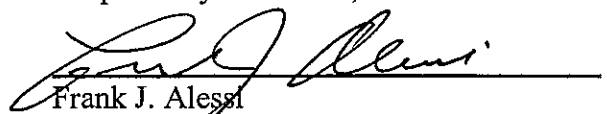
BACKGROUND: On March 26, 2008, the Corporation approved the FY09 Budget for the Centre City and Horton Plaza Redevelopment Project areas. On April 30, 2008 the Corporation approved an amendment to the FY 09 Budget by increasing the City Repayment line item to \$5.0 million. On May 30, 2008 the Agency approved the FY09 Budget as approved by the Corporation. Subsequently, the Independent Budget Analyst (“IBA”) presented and recommended to the City Council various changes to the City’s overall annual budget. To facilitate the funding for the changes proposed by the IBA, it was recommended that the Agency increase the City Repayment. On June 9, 2008, the City Council voted 6-2 to increase the Agency repayment to \$7.5 million in lieu of \$5 million which was already incorporated in the FY09 Budget. On June 18, 2008, the Corporation approved an amendment increasing the amount to \$7.5 million and on January 21, 2009 approved an increase to \$11.315 million. This amendment will increase the amount to \$11.315 million to accommodate full payment on debt service on the Ballpark Bonds.

DISCUSSION: The impact of commencing repayments to the City at this time will not stop current capital projects from being completed; however, the timing of projects may be impacted in subsequent years depending on the ultimate revenues of the Agency. At this time the additional \$6.315 million increase in City Repayment will come from the future year project activities. The Fiscal Year 2010 Budget will identify potential impacts as it is formulated.

ENVIRONMENT IMPACT: This activity is not a “project” under the definition set forth in CEQA Guidelines Section 15378. Therefore, pursuant to CEQA Guidelines Section 15060(c)(3), the activity is not subject to CEQA.

CONCLUSION: The City Council voted to increase the Agency’s payments to the City from \$5.0 million to \$7.5 million and concurred to increase the amount to \$11.318 million. To facilitate the increase, a budget amount is requested increasing the payment to the City to accommodate the payments for the debt service on the Ballpark Bonds.

Respectfully submitted,


Frank J. Alessi
Vice President and Chief Financial Officer