

Southeastern
Economic
Development
Corporation

Memorandum

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SEDC Report 09-008

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TO: Honorable Chair and Members of the Redevelopment Agency
Council President and Members of the San Diego City Council

SUBJECT: Repayment of that Portion of Section 108 Loan No. B-03-MC-06-0542 for the Mount Hope Public Improvements

REQUESTED ACTION

That the Redevelopment Agency of the City of San Diego (Agency) and the City Council of the City of San Diego (City Council) take the actions necessary to repay the portion of HUD Section 108 Loan No. B-03-MC-06-0542 received by the City of San Diego to fund public improvements in the Mount Hope Redevelopment Project Area. This action provides for additional funds to be combined with CDBG-R federal stimulus funds to complete the Mount Hope Market Street Median and Street Light Project.

STAFF RECOMMENDATION TO THE REDEVELOPMENT AGENCY AND THE CITY COUNCIL

That the Agency adopts a resolution: (1) Making certain necessary findings pursuant to California Health and Safety Code Section 33445 for the expenditure of Agency funds to repay principal and interest of the portion of HUD Section 108 Loan No. B-03-MC-06-0542 [Loan] received by the City of San Diego [City] to fund public improvements in the Mount Hope Redevelopment Project Area, and (2) authorizing the expenditure and transfer of Agency funds in the amount of \$101,000 and approximately \$5,000 in interest, to be paid in payments in FY2010 in the amount not to exceed \$35,660 and in FY 2011 and FY 2012 as subsequently budgeted, to the City toward the repayment of principal and interest of the portion of the Loan to fund the public streetlight improvements.

That the City Council adopts a resolution: (1) Making certain necessary findings pursuant to California Health and Safety Code Section 33445 for the expenditure of Agency funds to repay principal and interest of the portion of HUD Section 108 Loan No. B-03-MC-06-0542 (Loan) received by the City of San Diego [City] to fund public improvements in the Mount Hope Redevelopment Project Area, (2) Authorizing the acceptance and deposit into Fund No. 200423 (Fund) 99130000011 (cost center) of Agency funds in the amount of \$101,000 and approximately \$5,000 in interest, to be received in payments in FY 2010 in the amount not to exceed \$35,660 as allocated in the FY 2010 Agency budget and in FY 2011 and FY 2012 as subsequently budgeted by the Agency, toward the repayment of principal and interest of the Loan to fund the public streetlight improvements, and (3) Authorizing the expenditure of the amount of \$101,000 and approximately \$5,000 in interest, commencing with \$35,660 as the July 2009 debt service payment, to HUD toward repayment of the portion of the Loan to fund the public streetlight improvements.

SUMMARY

funds to be used toward Mount Hope Public Improvements. The repayment of \$35,660 is the first annual installment of principal and interest payments starting Fiscal Year 2010 through Fiscal Year 2012. These funds will be used toward the installation of new and replacement of sub-standard streetlights on several streets in the Mount Hope Redevelopment Project Area, bringing the streetlights in compliance with City standards for residential corridors. The streetlights are one component of the Mount Hope Market Street Median and Street Light Project; the balance of the project is to be funded by CDBG-R federal stimulus funds.

The Mount Hope Market Street Median and Street Light Project was designed using input provided by residents and stakeholders during a series of community meetings and involves construction of three street medians on Market Street between Boundary Street and 41st Street. The project involves the installation of new streetlights and the replacement of several existing lights on telephone poles with free-standing light poles on six residential streets south of Market Street, namely, 41st Street, Morrison Street, 42nd Street, Toyne Street, Denby Street, and 43rd Street. These streetlights will help to improve safety, address the lack of adequate streetlights, and will comply with City standards on the spacing of streetlights. The street medians will help improve safety and streetscape appearance. An initial cost estimate for the project totals \$710,823. This includes mobilization, erosion control, demolition and resurfacing, storm drain and water system coordination, landscape and irrigation, dry utilities coordination, and contingency.

Only the streetlight component of the public improvements will be funded by Section 108 loan funds. In 2002, the City Council authorized submission of an application for a HUD Section 108 Loan Guarantee which was revised in 2003 to provide \$101,000 for public improvements in the Mount Hope Redevelopment Project Area. During City review of the plans and at the request of SEDC, the City of San Diego drew down the \$101,000 loan. The first repayment for the loan is due to HUD by August 2009. The loan funds are currently held by the City, and upon the execution of a Cooperation Agreement by which the City of San Diego Engineering and Capital Project Department will administer and implement the project, the funds will be transferred and deposited for their expense.

FISCAL CONSIDERATION

Funds in the amount of \$35,660 were allocated in the SEDC Fiscal Year 2009-10 Budget. Future payments are anticipated to be budgeted in FY11 and FY12 to repay the total principal amount of \$101,000 and approximately \$5,000 in interest. The total amount of the project is \$710,823 - the balance of the project is to be financed with CDBG-R funds.

FINDINGS

California Community Redevelopment Law (CCRL) Health and Safety Code Section 33445, requires that certain findings be made by the Council and Agency prior to the expenditure of Agency funds for public facilities/improvements. Attachment 3, Findings, contains the proposed findings with respect to the expenditure of Agency funds for public improvements.

ENVIRONMENTAL IMPACT

This activity is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to the State CEQA Guidelines Section 15301 Existing Facilities, subsection (c).

PREVIOUS AGENCY ACTIONS

On September 10, 2002, the Agency authorized the City Manager to apply to HUD for a Section 108 Loan for Mt. Hope Public Improvement Projects and other currently completed projects and to accept and expend funds, if the loan is approved.

COMMUNITY PARTICIPATION

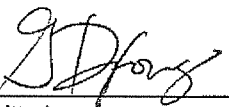
In 2005, SEDC conducted a series of community planning and design meetings for residents and stakeholders of the Mount Hope community to provide ideas for revitalizing Mount Hope. In 2006, the Mount Hope Revitalization Feasibility Study and recommendations for public improvements were presented to the public for feedback. After gathering input from residents and stakeholders, the engineering team drafted design plans for new street medians and street lights. These plans were presented to the public in August 2007 for public feedback, helping to further refine the current project plans. At its meeting of January 23, 2008, the SEDC Board of Directors unanimously approved the project.

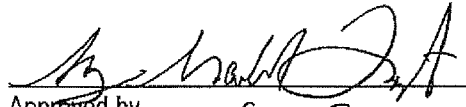
KEY STAKEHOLDERS

They key stakeholders for the project are the property owners, community residents, business owners, and visitors in the Mount Hope Redevelopment Project Area.

CONCLUSION

The street medians and street lights are being proposed as part of a comprehensive strategy to implement the Mount Hope Redevelopment Plan.


Submitted
Genevieve DePerio Fong
Project Manager


Approved by
Brian L. Trotier for Brim L. Trotier
Interim Chief Administrator

Attachments: Attachment No. 1 – Mount Hope Street Light Construction Plan and Final Street Light Layout
Attachment No. 2 – Mount Hope Streetscape Improvements – Landscape Concepts
Attachment No. 3 – Findings of Benefit