



## THE CITY OF SAN DIEGO

DATE ISSUED: February 18, 2010

REPORT NO.: RA-10-02

ATTENTION: Honorable Chair and Members of the Redevelopment Agency,  
Docket of February 23, 2010

SUBJECT: Funding to complete the design of a Multi-Purpose Building in North Chollas Community Park and Resolution making certain findings pursuant to State law for submission to the California Infrastructure and Economic Development Bank as part of Agency loan application (Companion to City Council item: North Chollas Community Park Improvements – Phase 1C)

REFERENCE: Report to the Agency and Council RA-09-26 & RTC-08-100, dated July 22, 2009.

### REQUESTED ACTION:

1. Authorize the Executive Director, or designee, to transfer \$65,000 of the previously appropriated \$952,000 to the City Fund 200357 (Fund Title: Crossroads Redevelopment CIP Contributions) and into CIP # S-00654 to complete the design and to prepare the construction documents and the bid package for the construction of a Multi-Purpose Building in the North Chollas Community Park.
2. Authorize the Chief Financial Officer, as delegated, to transfer \$65,000 of the previously appropriated \$952,000 from the Agency to the City and into CIP # S-00654 (CIP Title: Chollas Community Park Improvements – Phase 1C and Fund 200357; Fund Title: Crossroads Redevelopment CIP Contributions).
3. Authorize the Executive Director, or designee, to submit the Agency Resolution, upon approval, to the California Infrastructure and Economic Development Bank as part of a Redevelopment Agency loan application, making certain findings pursuant to Cal. Government Code Section 63041, based upon the information submitted in the record.
4. Pursuant to Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations set forth in Title 26 of the Code of Federal Regulations, the Agency declares its official intent to reimburse itself with proceeds of a future borrowing for certain expenditures undertaken and to be undertaken for the installation and construction of the Multi-Purpose Building and related improvements at the North Chollas Community Park.



### Redevelopment Agency

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STAFF RECOMMENDATION:

Approve the requested actions.

SUMMARY:

On July 28, 2009, the Redevelopment Agency ("Agency") authorized the Executive Director, or designee, to submit an application to the State of California Infrastructure and Economic Development Bank ("I-Bank") for a loan of up to \$2,000,000 to fund a portion of construction costs for a Multi-Purpose Building in the North Chollas Community Park ("Project"). The Agency took additional actions at this meeting including recording up to \$2,000,000 in indebtedness, upon award of the I-Bank loan, repayable from Crossroads Redevelopment Project Area ("Project Area") tax increment and allocating up to \$952,000 in matching funds payable from Project Area tax increment to finance the Project. The City Council, on July 28, 2009, authorized the Chief Financial Officer, or designee, to accept Agency funds for the City's construction of the Project. Further, both the Agency and the Council made required findings pursuant to the Cal. Community Redevelopment Law for the use of Agency funds to pay for construction of a City owned building.

Prior to the I-Bank considering and potentially approving the loan, the Agency must provide assurances that construction on the proposed Project will commence within six-months of being awarded the loan. To provide that assurance, the design and construction documents must be complete (100%) and the bid package must be prepared. The Engineering and Capital Projects Department, Architectural Engineering and Parks Division, requires \$65,000 (CIP # S-00654) to complete the design and to prepare the construction documents and the bid package. Upon Engineering and Capital Projects Department substantially completing the construction bid package, Agency staff will formally submit the loan application to the I-Bank.

In addition, the loan application to the I-Bank requires (see Attachment 1) a Resolution of the Agency that includes, among other items, certain findings made in accordance with Section 63041 of the California Government Code. All of the I-Bank required findings can be made to the extent applicable, based upon the information submitted in the record (see Attachment 2). Pursuant to California Government Code Section 63040(d), the Agency Resolution required under Section 63041 shall have been adopted prior to the Project's selection by the I-Bank. The findings required under Section 63041 are stated as follows: (a) The Project is consistent with the General Plan of both the City and County; (b) The proposed financing is appropriate for the specific Project; (c) The Project facilitates effective and efficient use of existing and future public resources so as to promote both economic development and conservation of natural resources; (d) The Project develops and enhances public infrastructure in a manner that will attract, create, and sustain long-term employment opportunities; and (e) The Project is consistent with the criteria, priorities, and guidelines for the selection of projects adopted by the I-Bank pursuant to California Government Code Section 63040.

With regard to making a finding of the Project's consistency with the County's General Plan, the Agency can make such a finding as required by California Government Code Section 63041 to the extent applicable; however, the County's General Plan is not applicable to property within the City's jurisdiction.

There are two Agency Resolutions. The first Resolution (i) reaffirms approval for the Agency to submit the application to the I-Bank for a loan not to exceed \$2 Million to finance a portion of the costs of the Project, to be repaid with interest, as required, using tax-increment funds, (ii) makes certain findings in accordance with Section 63041 of the California Government Code, (iii) declares the Agency's official intent to use proceeds of the I-Bank Loan, if awarded, on expenditures for the Project, (iv) authorizes the transfer of \$65,000 of the previously allocated \$952,000 to the City to complete design and prepare the construction documents and bid package for the Project, and (v) approves certain other matters in connection therewith. The second Resolution acknowledges the possibility of the Agency using future bond proceeds to pay for, or reimburse itself for, the expenditures for the Project in an amount not to exceed \$952,000 and the indebtedness in the amount not to exceed \$2 million plus interest, as required, referenced in the first Resolution and the Resolutions adopted on July 28, 2009. These two Agency Resolutions are in addition to the Agency and Council Resolutions approved on July 28, 2009 and does not supersede those prior approvals.

Concurrently with this item, the Engineering and Capital Projects Department, Architectural Engineering and Parks Division will be requesting the City Council to amend the Engineering and Capital Projects Department FY 2010 budget to accept the \$65,000 subsequent to the Agency's action. The Project schedule has the Engineering and Capital Projects Department returning to City Council in July 2010 to seek authority to advertise the Project and to proceed with awarding the contract in succession with the I-Bank loan committee taking action on the Agency loan application in June 2010.

FISCAL CONSIDERATIONS:

One Resolution authorizes the transfer of \$65,000 of the previously appropriated \$952,000 tax increment funds from the Project Area into CIP # S-00654 so that Engineering and Capital Projects Department, Architectural Engineering and Parks Division can proceed with completing the design and preparing the construction documents and the bid package for the Project. The Agency may be able to pay for or reimburse the Project Area for the \$952,000 capital expenditure and repayment of the I-Bank loan with proceeds from future borrowing or pay for said expenditures using Community Development Block Grant funds.

The I-Bank loan agreement will authorize an initial disbursement of loan proceeds for reimbursement of certain expenditures in connection with the Project according to the criteria for the program. This Project expenditure was taken into account when determining the Crossroad Project Area's ability to fund its CDBG repayment to the City and its estimated portion of the State's ERAF Take and will not impact the Agency's ability to make the CDBG repayment to the City or the FY 2010 ERAF Payment as such time it becomes legally obligated to do so. Funding for this Project will provide approximately 17 to 21 full-time equivalent jobs (i.e., engineering, construction and manufacturing) over the 18-month construction period.

ENVIRONMENTAL REVIEW:

This activity is covered under Mitigated Negative Declaration No. 98-0150, North Chollas Community Park. In January 2009, this proposed improvement project was found in "Substantial Conformance" with the Mitigated Negative Declaration No. 98-0150. Therefore, the activity is not a separate project for purposes of CEQA review pursuant to State CEQA Guidelines Section §15060(c)(3) and no further environmental review is necessary.

PREVIOUS COUNCIL and/or COMMITTEE ACTIONS:

On July 28, 2009, the Redevelopment Agency and City Council approved actions by Resolutions to fund this Project.

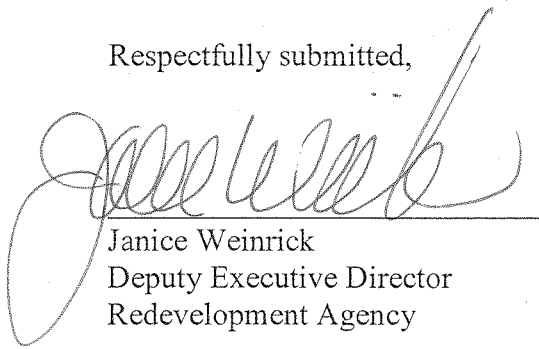
COMMUNITY PARTICIPATION & PUBLIC OUTREACH EFFORTS:

On July 31, 2008, the Crossroads Redevelopment Project Area Committee voted 6-1-1 recommending a funding obligation of not to exceed \$3,100,000 for construction of the Project. On February 10, 2009, the Eastern Area Communities Planning Group voted 8-0-3 recommending that the Agency submit an application to the I-Bank for a loan of up to \$2,000,000 for construction of the Project.

KEY STAKEHOLDERS and PROJECT IMPACTS:

Key stakeholders include residents of the communities adjacent to the North Chollas Community Park and the Oak Park Little League that use the ballfield adjacent to the proposed Multi-Purpose Building.

Respectfully submitted,



Janice Weinrick  
Deputy Executive Director  
Redevelopment Agency



Approved: William Anderson  
Assistant Executive Director  
Redevelopment Agency

- Attachments: 1. California Infrastructure and Economic Development Bank; Criteria, Priorities, and Guidelines for the Infrastructure Revolving (ISRF) Program  
2. Information in support of findings required by Section 63041 of the California Government Code