

DATE ISSUED: November 15, 2000

REPORT NO. 00-247

ATTENTION: Mayor and Members of the City Council  
Docket of November 21, 2000

SUBJECT: Cooperation Agreement with the Redevelopment Agency for the  
International Gateway of the Americas Project (Land Grant Development)

REFERENCE: Manager's Reports No. RA-00-3, dated, February 16, 2000; RA98-4,  
dated May 6, 1998; and, RA-97-8, dated, July 11, 1997

### SUMMARY

Issue - Should the Council authorize the City Manager to prepare and execute a Cooperation Agreement with the Redevelopment Agency for reimbursement of certain off-site public improvements associated with the International Gateway of the Americas Project?

Manager's Recommendation - That the Council: (1) Authorize the City Manager to prepare and execute a Cooperation Agreement with the Redevelopment Agency for reimbursement of certain off-site public improvements associated with the IGA Project; and (2) Make certain findings that the improvements are of benefit to the San Ysidro Redevelopment Project Area or the immediate neighborhood in which the project is located; that no other reasonable means of financing the improvements are available to the community; that the payment of funds for such improvements will assist in the elimination of blighting conditions inside the Project Area; and that the proposed improvements are consistent with the Redevelopment Plan adopted for the Project Area on April 16, 1996, and the Five-Year Implementation Plan adopted on April 2, 1996.

Other Recommendations - None. The San Ysidro Redevelopment Project Area Committee is no longer meeting due to budget limitations.

Fiscal Impact - The Agreement will provide tax increment revenue for off-site improvements benefitting the International Gateway of the Americas Project and the San Ysidro community in an estimated amount of \$700,000. It is anticipated that these improvements would not be installed until 2015. The Redevelopment Agency's net tax increment (after set asides) generated from Parcel A, B and C is projected to be \$15,876,630 over the next 30 years. The amount committed to repaying the Developer is \$11,634,780 (from Parcel A, B and C), leaving a balance of uncommitted tax increment revenue of \$4,241,850.

Environmental - The City Council and Redevelopment Agency certified a Mitigated Negative Declaration (MND) (SCNo.98031064) for this project with approval of the

DDA on May 12, 1998.

## BACKGROUND

On February 22, 2000, the Redevelopment Agency entered into the First Implementation Agreement with LandGrant Development. The First Implementation Agreement provided for the Developer to proceed with the first phase of the project ahead of the anticipated International Bridges and Border Commission authorization of the River Pedestrian Bridge. The first phase consists of 654,830 square feet of retail and restaurant commercial development located on approximately 57 acres of the 67 acre site (also know as Parcels A, B, and C in the DDA.)

In May of this year the Developer began processing the City Discretionary Permits. During this review the City determined that additional off-site public improvements beyond what was contemplated in the DDA, and a shift in phasing of some of the improvements, would be required to offset any potential traffic impacts in the area. The result of these requirements is an increase in excess of \$960,000 to the project costs not anticipated in the DDA, and beyond what the first phase of the project could sustain.

## DISCUSSION

LandGrant has completed the discretionary permit review process. The Planning Commission hearing is scheduled for October 26, and the City Council is scheduled to take action on the permits at its November 14, 2000 meeting. The Second Implementation Agreement would redefine the off-site public improvements required by the project, when they would be required to be built and who would ultimately pay for those improvements. The Cooperation Agreement between the Agency and the City would provide for the Redevelopment Agency contributing a portion of the cost of installing specific off-site improvements when warrants demand.

Specifically, the Cooperation Agreement would provide the Agency contributing Tax Increment, when warrants demand, estimated in 2015, for the following improvements:

- (1) The fair share (65%) of Dairy Mart Road and I-5 west-side ramp improvements (previously a condition of Parcel E), an estimated cost of \$200,000 and south bound off ramp intersection improvements (new condition), an estimated cost of \$65,000.
- (2) The fair share (61.6%) of the widening of Willow Road and signal modifications (new condition), and estimated cost of \$256,000.
- (3) The fair share (46.6%) of south bound I-5 off ramp and signal modifications at Camino de la Plaza (new condition), and estimated cost of \$175,000.
- (4) The fair share (50.2%) of traffic signal modification and re-striping of Camino de la Plaza and Beyer Boulevard (new condition) and estimated cost of \$6,260.
- (5) The Developer shall not be responsible for improvements to the traffic signal at West San Ysidro Blvd./I-5 which is in the City's CIP Budget/Program.

FINDINGS

State law requires that certain findings be made by the City Council and the Redevelopment Agency prior to the expenditure of Redevelopment Agency funds for public facilities/improvements. Attachment 2 recites the proposed findings with respect to the benefits of the proposed improvements to the San Ysidro Redevelopment Project Area, the unavailability of other reasonable means to finance the proposed improvements, how the proposed improvements will assist in the elimination of blighting conditions inside the Project Area and that the proposed improvements are consistent with the Redevelopment Plan and Five-Year Implementation Plan adopted for the Project.

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ALTERNATIVE

Do not approve a Cooperation Agreement with the Redevelopment Agency. This alternative would significantly delay, or stop, the development of this project.

Respectfully submitted,

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Hank Cunningham  
Director  
Economic Development and Community Services

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Approved: George Loveland  
Assistant City Manager

CUNNINGHAM/PKH

ATTACHMENT(S) Findings