

2. Accept the transfer of \$675,000 from the City of San Diego as an interest bearing loan to be used for the Barrio Logan Redevelopment Project Area.
3. Amend the Fiscal Year 2008 budget for the Barrio Logan Redevelopment Project Area to increase the appropriation authorize expenditures up to \$675,000 for the purposes and benefit of the Project Area.
4. Amend the Fiscal Year 2008 budget for the North Park Redevelopment Project Area to include the anticipated \$1,786,000 of tax increment surplus and authorize the expenditure thereof for the purposes of the North Park Redevelopment Project Area.

It is recommended the City Council adopt resolutions to:

1. Accept a loan repayment from the North Park Redevelopment Project Area to the City of San Diego in the amount of \$675,000.
2. Authorize the transfer of \$675,000 as an interest bearing loan to be used in the amended Fiscal Year 2008 Agency budget for the Barrio Logan Redevelopment Project Area.

SUMMARY:

The Barrio Logan Redevelopment Project Area is experiencing cash flow difficulties due to extended litigation expenses. The proposed reloan will stabilize the Project Area's cash flow.

FISCAL CONSIDERATIONS:

The proposed reloan to Barrio Logan will be accomplished by the repayment of existing debt (debt to the City) from the North Park Redevelopment Project Area. The North Park Redevelopment Project Area will repay \$675,000 of debt owed to Fund 10227 (Sales Tax Revenue). This fund transfer is made possible without impacting the project area work plan because tax increment revenue is expected to exceed the budget forecast. Based on the July assessed valuation from the County of San Diego, the revised projection for FY 2008 tax increment revenue for the North Park Redevelopment Project Area is \$7.85 million, or \$1.79 million higher than the FY 2008 budgeted projection of \$6.06 million. After required deductions for the Low and Moderate Income Housing Fund and taxing agencies reserves, a net surplus of \$1.07 million is anticipated and can be accessed to fund the reloan.

In regards to the loan to the Barrio Logan Redevelopment Project Area, interest will be charged to the loan at the Prime Rate, plus 2% as specified for all City loans to the

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Redevelopment Agency per City Council Resolution R-284215, (Adopted July, 28, 1993). The actual rate charged would be updated annually as prescribed in the aforementioned resolution.

PREVIOUS AGENCY, COUNCIL and/or COMMITTEE ACTION:

None

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

Due to the timing of this proposal and the desire to enable the Barrio Logan Redevelopment Project Area to have cash for business transactions as soon as possible, it was not possible to formally present this proposal to the North Park Project Area Committee (PAC). Staff however, has briefed the PAC leadership on this proposal.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

As the reloan is being made possible through over-budget revenue, the North Park Redevelopment Project Areas is able pay off project-area debt to the City and simultaneously provide needed cash to the Barrio Logan Redevelopment Project Area without compromising the North Park work plan. Thus, the residents and businesses of the North Park Redevelopment Project Area will experience no adjustment to the level of redevelopment activities underway within the community. Additionally, the residents and businesses of the Barrio Logan Redevelopment Project Area will benefit from the continuation of redevelopment efforts within the community.

Respectfully submitted:

Approved:

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