



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: May 7, 2008

RTC NO.: 08-051

RA NO.: 08-11

ATTENTION: Council President and Members of the City Council
Honorable Chair and Members of the Redevelopment Agency
Docket of May 13, 2008

SUBJECT: Second Amendment to the NTC Park Improvement Agreement

REQUESTED ACTIONS:

That the City Council:

1. Authorize the Mayor or designee to execute the Second Amendment to the NTC Park Improvement Agreement.
2. Approve and adopt Findings that the expenditure of funds is of benefit to the Project Area.
3. Remove the funding obligation of \$466,726 toward a future NTC Park Aquatic Center from the Community Facilities District #3.

That the Redevelopment Agency:

1. Authorize the Executive Director or designee to execute the Second Amendment to the NTC Park Improvement Agreement and expend an amount not to exceed \$2,200,000 from the NTC Line of Credit for NTC Park construction costs.
2. Approve and adopt Findings that the expenditure of funds is of benefit to the Project Area.
3. Authorize the NTC Redevelopment Project Area to assume the future funding obligation of \$466,726 toward a NTC Park Aquatic Center.

STAFF RECOMMENDATIONS:

That the City Council and Redevelopment Agency approve the requested actions.

SUMMARY:

The NTC Park Improvement Agreement (the "Agreement") among the City of San Diego (the "City"), the Redevelopment Agency of the City of San Diego (the "Agency"), and McMillin NTC, LLC (the "Master Developer") dated July 10, 2000 and the First Amendment to the Agreement dated May 24, 2005 (Resolution No. 03917) provide the terms for construction of the NTC Park. Pursuant to the Agreement the estimated cost for design and construction of the Park was \$14,779,800. The Agreement identified this amount as being "based on preliminary cost estimates, and not the result of competitive bids, and is subject to change." Based on the actual

costs of Phase 1 of NTC Park, and current construction costs, Park and Recreation Department staff revised the Estimated Design and Construction Cost to \$16,979,800, an increase of \$2,200,000. This represents an increase of approximately 15%. The Agreement lists actual bids exceeding the Estimated Budget, higher standards and specifications of construction as some of the anticipated reasons the estimated budget may be exceeded.

Pursuant to the Agreement, the Agency is responsible for up to 10% (\$1,477,980) of the increased costs above the original amount of \$14,779,800. The Agreement specifies that if additional costs “cause the Estimated Budget to exceed \$14,779,800 by more than 10%, then City must undertake, with its own separate funds, to finance and construct other portions of the Project which may be added to the Estimated Budget ...” Due to City budget constraints the Park and Recreation Department has requested that the Agency provide the remaining \$722,020.

The original Estimated Design and Construction Cost of \$14,779,800 for the development of NTC Park included a water feature near the historic Preble Field portion of the Park. On May 6, 2003 the City Council directed staff to eliminate the water feature from the Park and direct the cost savings of \$466,726 toward the design and development of a future aquatic center within the Park. The design and construction of an aquatic center is not the responsibility of the Master Developer. When the Community Facilities District (CFD) #3 budget was created it was assumed that the \$466K would be provided from levies paid by the District members. Because this would reduce the amount of CFD funds available for the construction of Phase 2 of the Park, it has been requested that the Agency also provide this funding for the proposed aquatic center. By moving this funding responsibility to the NTC Redevelopment Project, the \$466,726 accounted for in CFD #3 will now be used for physical improvements within Phase 2 of NTC Park. Upon the City identifying and allocating sufficient funding for the construction of an aquatic center, the City may request that the Agency, provide the \$466,726 for the aquatic center.

FISCAL CONSIDERATIONS:

The NTC Line Of Credit (LOC) funds are available in the amount of \$2,200,000 to assist with the completion of the NTC Park Phase II construction. Future funding for the proposed aquatic center in the amount of \$466,726 will be paid from NTC Project area funds.

PREVIOUS COUNCIL and/or COMMITTEE ACTIONS:

First Amendment to the NTC Park Improvement Agreement, May 24, 2005 (Resolution No. 03917)

COMMUNITY PARTICIPATION & PUBLIC OUTREACH EFFORTS:

On March 20, 2008 the Peninsula Community Planning Board heard an information item regarding these actions.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Stakeholders include the Peninsula community and the Park and Recreation Department. Future impacts include increased Park amenities.

Respectfully submitted,

Janice Weinrick
Deputy Executive Director
Redevelopment Agency

Approved: William Anderson
Assistant Executive Director
Redevelopment Agency

Stacey LoMedico
Director
Park and Recreation Department

- Attachments:
1. Second Amendment to the NTC Park Improvement Agreement
 2. Findings of Benefit
 3. NTC Park Improvement Agreement
 4. First Amendment to the NTC Park Improvement Agreement