MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF SAN DIEGO AND THE CITY OF CHULA VISTA

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is made by and between the CITY OF SAN DIEGO ("SAN DIEGO"), a California municipal corporation, and the CITY OF CHULA VISTA ("CHULA VISTA"), a California municipal corporation.

WHEREAS, in 1990, the San Diego City Council directed the City Manager to submit a preliminary application to the State of California Trade & Commerce Agency to compete for a state Enterprise Zone designation to include the communities of San Ysidro, Otay Mesa, and Otay Mesa/Nestor;

WHEREAS, the State of California Legislature established Enterprise Zones for the purpose of creating jobs and stimulating private investment in economically distressed areas/jurisdictions;

WHEREAS, in 1992, SAN DIEGO was awarded a 15 year designation for the San Ysidro/Otay Mesa Enterprise Zone;

WHEREAS, in 1995, California legislation was approved increasing Enterprise Zones acreage expansion capacity from 15% to 20% increasing the expansion opportunities from 907.5 acres to 1205 acres for the San Ysidro/Otay Mesa Zone;

WHEREAS, SAN DIEGO has already expanded the San Ysidro/Otay Mesa Enterprise Zone by 342.75 acres and may seek to further expand the boundaries of the Zone by no more than 250 acres, which leaves surplus expansion capacity of 577.25 acres;

WHEREAS; CHULA VISTA is currently unable to obtain an Enterprise Zone designation from the California Trade & Commerce Agency due to the legislative limitations on Zone designations limiting California Enterprise Zones to 39;

WHEREAS; the Unified Port District of San Diego owns approximately 400 acres of property located in the cities of San Diego and Chula Vista adjacent to the existing boundaries of the San Ysidro/Otay Mesa Enterprise Zone, which is included in the proposed expansion area;

WHEREAS; the proposed Enterprise Zone expansion would involve a regional partnership between SAN DIEGO, CHULA VISTA and the Port of San Diego with each providing funding and/or programmatic support;

WHEREAS; B.F. Goodrich owns property located in the City of Chula Vista and has requested that specific properties located west of Interstate 5 and north of the existing

boundaries of the San Ysidro/Otay Mesa Enterprise Zone be included in the proposed expansion area;

WHEREAS; Duke Energy, Pacific Gas & Electric, H.G. Fenton and other business and property owners located in the City of Chula Vista would like to expand their facilities and/or redevelop property in an expanded San Ysidro/Otay Mesa Enterprise Zone;

WHEREAS; the City of San Diego, Economic Development Division, having administrative and reporting responsibilities to the California Trade & Commerce Agency for two California Enterprise Zones, 14 years of technical experience with the Enterprise Zone program, and a successful Enterprise Zone Job Referral/Placement Service issuing over 7,000 hiring vouchers to Enterprise Zone companies through a collaboration with the California Employment Development Department and the San Diego Workforce Partnership, is willing and capable of sharing this expertise with CHULA VISTA and Chula Vista businesses;

WHEREAS; SAN DIEGO has an approved Targeted Employment Area (TEA) incorporating all of the low- and moderate-income 1990 Census tracts within its jurisdiction as designated areas approved by the Trade & Commerce Agency to encourage Enterprise Zone businesses to hire TEA residents and therefore receive state tax credits on wages paid to these employees.

WHEREAS; An expansion of the existing TEA to include low- and moderate-income 1990 Census tracts in Chula Vista would benefit businesses in the Zone and residents of San Diego and Chula Vista;

and WHEREAS; SAN DIEGO and CHULA VISTA support regional economic development that benefits all citizens and businesses of South County;

NOW, THEREFORE, in consideration of the recitals and mutual obligations of the parties as herein expressed, SAN DIEGO and CHULA VISTA agree as follows:

Section I: San Ysidro/Otay Mesa Enterprise Zone Expansion

SAN DIEGO shall request from the California Trade & Commerce Agency an expansion of the boundaries of the San Ysidro/Otay Mesa Enterprise Zone (Zone). The expansion request shall include certain properties in the City of Chula Vista as described in Exhibit A attached hereto and incorporated herein by this reference and from hereon referred to as the "ZONE EXPANSION AREA". The Zone Expansion Area is limited to 577 acres and shall include the following sites and acreages based on the most current GIS and Assessor's data available:

1) B.F. Goodrich/Rohr, 75.6 acres;
2) Port of San Diego, 402.1 acres (including 302.1 acres in the City of Chula Vista and 100.0 acres in the City of San Diego);

3) Raytheon, 9.8 acres;
4) H.G. Fenton, 56.4 acres (including 20.7 in the City of Chula Vista and 35.7 in the City of San Diego);
5) Chula Vista Capital, 20.0 acres;
6) Pacific Gas & Electric, 9.8 acres; and
7) Approximately 3.3 acres of right-of-way for contiguity with existing Zone boundaries.

SAN DIEGO shall further request from the California Trade & Commerce Agency an expansion of the boundaries of the San Diego Targeted Employment Area (TEA). The TEA expansion request shall include low- and moderate-income 1990 Census tracts in the City of Chula Vista as described in Exhibit B attached hereto and incorporated herein by this reference.

SAN DIEGO and CHULA VISTA will collaborate to comply with the requirements of the California Trade & Commerce Agency for Zone and TEA expansions as follows:

SAN DIEGO:

1) The SAN DIEGO City Manager will request from SAN DIEGO City Council a resolution authorizing him to submit a request to the State of California Trade & Commerce Agency to expand the San Ysidro/Otay Mesa Enterprise Zone to include the ZONE EXPANSION AREA contiguous to the existing Zone boundaries.

2) The SAN DIEGO City Manager will initiate a request for another SAN DIEGO City Council resolution authorizing the expansion of SAN DIEGO's TEA to include low- and moderate-income 1990 Census tracts in the City of Chula Vista.

3) SAN DIEGO staff will coordinate and provide technical assistance to Chula Vista in preparing documentation required for the Zone and TEA expansion requests.

4) SAN DIEGO staff will submit a request with all pertinent documentation to the California Trade & Commerce Agency requesting the expansion of SAN DIEGO's existing Zone and TEA.

CHULA VISTA:

1) The CHULA VISTA City Manager will request from City Council a resolution supporting SAN DIEGO's Zone and TEA expansion requests to the California Trade & Commerce Agency.
2) CHULA VISTA staff will prepare all documentation required by the California Trade & Commerce Agency for the Enterprise Zone and TEA expansions including, but not limited to, the following:

    a) CHULA VISTA City Council resolution supporting SAN DIEGO's Enterprise Zone expansion request to the California Trade & Commerce Agency to

include property in the City of Chula Vista.

b) Map/s illustrating the proposed ZONE EXPANSION AREA limited to 577 acres with commercial or industrial zoning and contiguous to the existing Zone's most northerly boundary line.

c) Modification to the Zone's boundary description document to include the Zone Expansion Area.

d) Modification to the Zone's street range document to include the Zone Expansion Area.

e) Modification of SAN DIEGO's TEA street range document to include Chula Vista's low- and moderate-income 1990 Census tracts.

f) Initiate an MOU with the California Trade & Commerce Agency identifying Chula Vista's goals and objectives for implementing the Enterprise Zone Program in collaboration with the existing San Diego Enterprise Zone Program.

Section II: Zone Administration

As the grantee of the Zone designation, SAN DIEGO will continue to assume responsibility for the administration of the Zone which includes coordinating and submitting all annual reports to the California Trade & Commerce Agency, overseeing the employee certification and vouchering process, and administering the job placement/referral service. SAN DIEGO and CHULA VISTA will collaborate on the following:

1) Establishing goals and objectives for the Zone, as expanded.
2) Developing and implementing marketing strategies including, but not limited to workshops, press releases, marketing materials, trade shows and business outreach.
3) SAN DIEGO and CHULA VISTA staff shall meet quarterly to discuss such issues as policy changes affecting this MOU, existing and new work plans, progress and tracking of goals and objectives, joint administrative issues, and annual reporting requirements
4) Enterprise Zone business attraction activities and responses to Enterprise Zone site selection requests from economic development organizations and/or businesses whenever possible.

SAN DIEGO and CHULA VISTA further agree that all San Ysidro/Otay Mesa Enterprise Zone promotional materials designed for distribution to the public, businesses and economic development organizations shall include information on both jurisdictions whenever possible and shall be reviewed and mutually agreed to by designated employees from both SAN DIEGO and CHULA VISTA whenever both jurisdictions are referenced.

Each city will collect and maintain pertinent data for the respective jurisdiction as required by the Trade and Commerce Agency for annual reports and state audits, and as required by their respective City Managers and City Councils. This information includes, but is not

limited to, the following:

1) List of existing businesses within the Zone
2) New businesses locating in the Zone
3) Number of companies receiving vouchers
4) Number of vouchers issued
5) Number of jobs created and/or retained within the Zone
6) Number of residential and commercial building permits issued and valuation of structures for which building permits are issued
7) Value and nature of incentives provided to companies within the Zone, and
8) Number of business inquiries requesting information on Zone incentives.

Each jurisdiction shall have an assigned employee responsible for responding to inquiries regarding the Enterprise Zone Program benefits, collecting and updating data for reporting purposes, and for additional support to the Zone Program as required. These assigned positions, upon execution of this MOU, shall be the San Ysidro/Otay Mesa Enterprise Zone Program Manager for SAN DIEGO and the Business Retention Specialist for CHULA VISTA. SAN DIEGO will also have a designated employee responsible for assisting Zone businesses located in both jurisdictions with employee certification and vouchering in a timely manner.

Section III: Compensation and Resources

In consideration of SAN DIEGO's agreement to administer the entire Enterprise Zone Program and to coordinate workforce development services for businesses located in the Enterprise Zone and ZONE EXPANSION AREA, CHULA VISTA shall be responsible for full compensation of the annualized amount of program funding to SAN DIEGO to provide additional administrative support for the Enterprise Zone expansion for fiscal years 2001-2008 as described in Exhibit C ("City of San Diego Enterprise Zone Program: City of Chula Vista Budget Contribution in Support of the San Ysidro/Otay Mesa Enterprise Zone Expansion, Fiscal Years 2001-2008") attached hereto and incorporated herein by this reference. CHULA VISTA shall reimburse the aforementioned annualized amount of program funding to SAN DIEGO through January 2007. The compensation and budget may be adjusted by no more than 5% per year and such adjustment must be approved in writing by the contract administrators for SAN DIEGO and CHULA VISTA.

In order to facilitate the aforementioned compensation agreement for the term of this MOU, CHULA VISTA shall reimburse SAN DIEGO for time and materials within 15 days of receipt of a quarterly invoice detailing San Diego's expenditures and upon satisfactory performance of this MOU. Chula Vista may not unreasonably withhold payment unless expenditures have not been properly accounted for.

IN WITNESS THEREOF, this Memorandum of Understanding is executed by the City of San Diego, acting by and through its Economic Development and Community Services Director, on this 20th day of November, 2000; and the City of Chula Vista, acting by and through its City Manager, on this 5th day of December, 2000.

THE CITY OF SAN DIEGO

by _____
HANK CUNNINGHAM
Economic Development and Community Services Director

THE CITY OF CHULA VISTA

by _____
DAVID D. ROWLANDS, JR.
City Manager

I HEREBY APPROVE the form and legality of the foregoing Memorandum of Understanding this _____ day of _____, 2000.

THE CITY OF SAN DIEGO
CASEY GWINN, City Attorney

by _____
LISA A. FOSTER
Deputy City Attorney

THE CITY OF CHULA VISTA
JOHN M. KAHENY, City Attorney

by _____
GLEN GOOGINS
Assistant City Attorney

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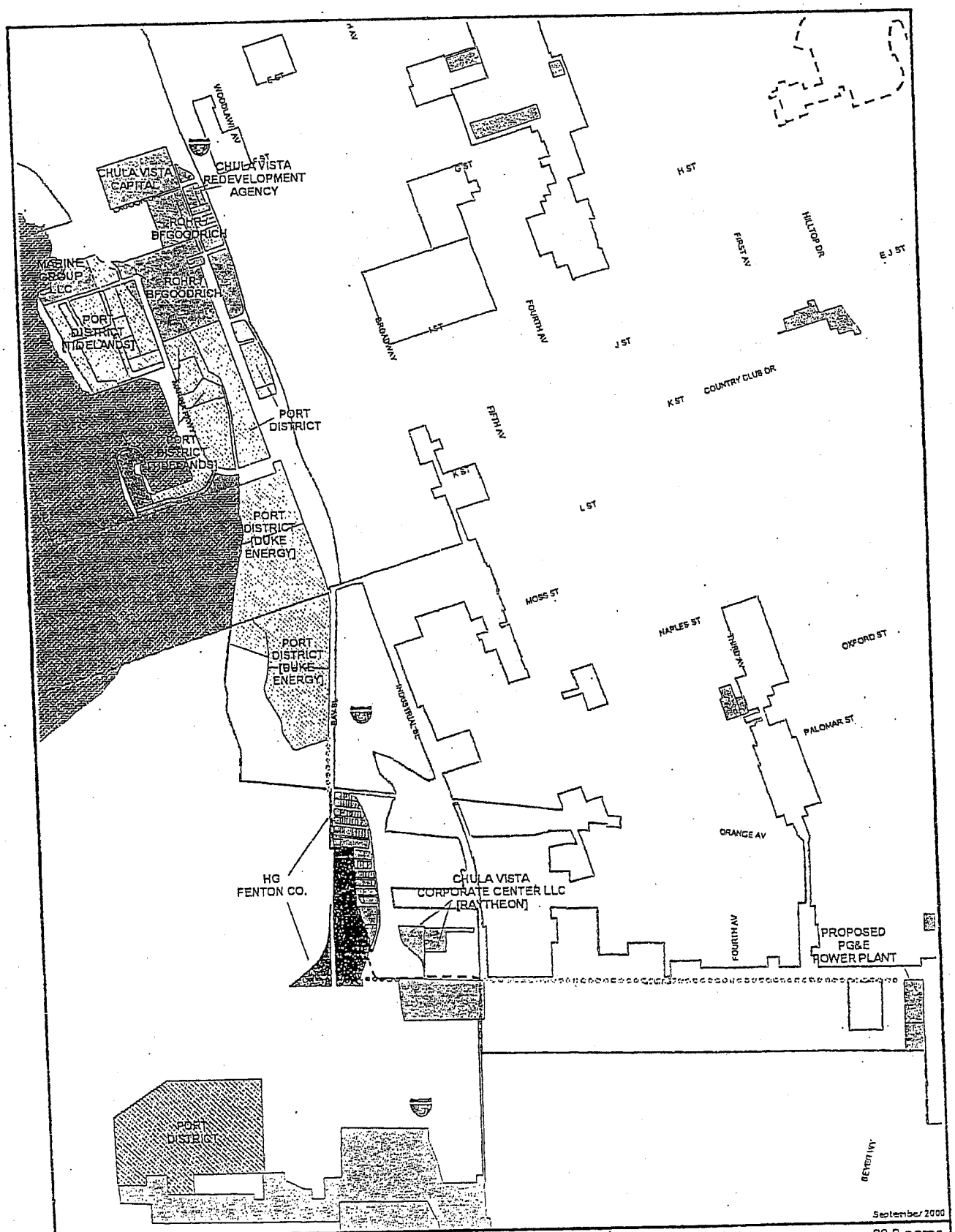
EXHIBIT A



CONCEPTUAL EXPANSION
San Ysidro / Otay Mesa Enterprise Zone

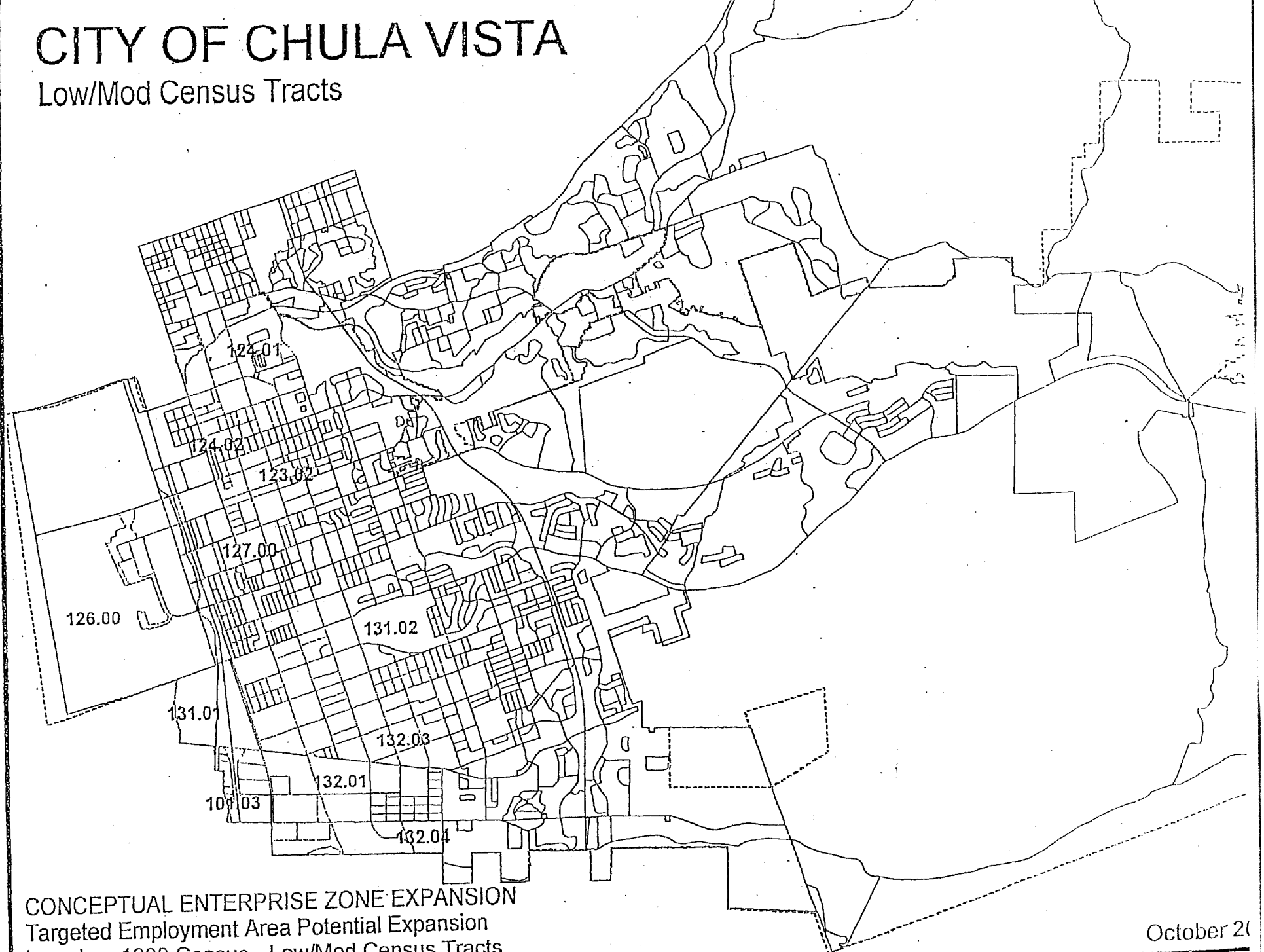
- Chula Vista
- Chula Vista / Port District
- San Diego / Port District
- San Diego
- ROW Connection
- Existing Enterprise Zone
- City Boundary
- Redevelopment Project Area Boundary
- Streets

Chula Vista Capital	20.0 acres
Rohr / BFGoodrich	75.6 acres
Port Tidelands / Boatyard	161.2 acres
Port / Duke Energy	140.9 acres
Fairfield [Fenton]	56.4 acres
Raytheon	9.8 acres
Port [San Diego]	100.0 acres
Proposed PG&E Power Plant	9.8 acres
ROW Estimate	3.3 acres
TOTAL EXPANSION AREA	577.0 ACRES

EXHIBIT B

CITY OF CHULA VISTA

Low/Mod Census Tracts



CONCEPTUAL ENTERPRISE ZONE EXPANSION
Targeted Employment Area Potential Expansion
based on 1990 Census - Low/Mod Census Tracts

October 2(

EXHIBIT C

City of San Diego
Enterprise Zone Program

City of Chula Vista Budget Contribution In Support of the Enterprise Zone Program Expansion Fiscal Years 2001-2008

Fiscal Year	2001	2002	2003	2004	2005	2006	2007
CDS II (1)	$ 39,000 (2)	$ 70,350	$ 73,900	$ 77,600	$ 81,500	$85,500	$45,000 (3)
Marketing and Promotional Materials (4)	$ 20,000	$ 20,000	$ 20,000	$ 15,000	$ 15,000	$10,000	$ 3,000
Training	$ 0	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500
Total	**$59,000**	**$91,850**	**$95,400**	**$94,100**	**$98,000**	**$97,000**	**$49,500**

Total Budget Allocation: $584,850

Notes:

(1) The Community Development Specialist II will be a City of San Diego employee whose activities shall be directed in support of the City's Enterprise Zone Program by the City's Enterprise Zone Manager. The Community Development Specialist II position will provide certification and vouchering to businesses, other related employment related services and maintain data for City of San Diego and City of Chula Vista. Data collection and systematic recordkeeping will include but is not limited to: 1) all vouchers issued; 2) wages paid; 3) employers receiving vouchers; 4) area resident placements (includin TEA residents); 5) number of job orders received and completed; and 6) number of jobs created and/or retained.

(2) Reflects 7 month allocation from date of expansion approval by Trade & Commerce Agency.

(3) Reflects half year allocation due to expiration of Enterprise Zone in January 2007.

(4) Includes: Maintaining EZ/TEA maps, participation in Trade Shows, advertising campaign, marketing brochures, workshops, and mailing campaigns. All materials shall be made available to the City of Sa Diego, City of Chula Vista, Port of San Diego, local Chambers, business associations, South County EDC, and San Diego Regional EDC. Cost would be shared by the City of Chula Vista, Port of San Diego, and the City of San Diego.