

RESOLUTION NUMBER R- 313666

DATE OF FINAL PASSAGE AUG 03 2021

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT AND A COMPENSATION AGREEMENT FOR THE VALENCIA BUSINESS PARK SITE IN THE ENCANTO NEIGHBORHOOD COMMUNITY PLANNING AREA, MAKING CERTAIN RELATED FINDINGS AND DETERMINATIONS, AND APPROVING RELATED ACTIONS.

WHEREAS, pursuant to Assembly Bill x1 26 (AB 26), as modified by the California Supreme Court in *California Redevelopment Assn. v. Matosantos*, 53 Cal. 4th 231 (2011), and subsequent legislation (collectively, the Dissolution Laws), the Redevelopment Agency of the City of San Diego (Former RDA) dissolved as of February 1, 2012, and the City of San Diego, solely in its capacity as the designated successor agency to the Former RDA (Successor Agency) became responsible for fulfilling the enforceable obligations, disposing of the properties and other assets, and unwinding the affairs of the Former RDA; and

WHEREAS, the Council of the City of San Diego (City Council) approved an Exclusive Negotiation Agreement (ENA) with SDEEC LLC, a Nevada limited liability company (Developer) to negotiate the terms of a Disposition and Development Agreement (Agreement), regarding the development of 4.33 acres at 5515-5565 Stevens Way in the Valencia Business Park neighborhood of the Encanto Neighborhood Community Planning Area (Property); and

WHEREAS, the City and Developer executed the ENA prior to December 31, 2020, in accordance with California Government Code (Government Code) section 54234(b)(1)(A), which provides an exception whereby certain dispositions of Former RDA properties are not subject to the amendments to the Surplus Land Act established by Assembly Bill 1486; and

WHEREAS, the City, has negotiated an Agreement with Developer, related to the Property, a copy of which is included as Attachment C to the staff report accompanying this Resolution (Staff Report); and

WHEREAS, the Agreement requires Developer to develop the Property, including: a 25,000 square foot office/industrial flex building; a 40,000 square foot light industrial flex building; a parking area covered by a solar trellis; and active public improvements adjacent to the Property (collectively, Project); and

WHEREAS, pursuant to Government Code section 54234(b)(1)(B), complete disposition of the Property must be completed no later than December 31, 2022; and

WHEREAS, in accordance with the Agreement, the City requires the creation of 72 new permanent full time equivalent (FTE) jobs with 51% of the jobs held by or available to certain low and moderate income City residents; and

WHEREAS, on October 15, 2015, the California Department of Finance approved the Former RDA's Amended and Restated Long Range Property Management Plan (ARPMP); and

WHEREAS, California Health and Safety Code (H&S Code) section 34191.5(c)(2) and the ARPMP requires the Successor Agency to dispose of the Former RDA's properties through four categories: (1) transfer to the City for governmental use; (2) liquidation or sale to a third party; (3) transfer to the City for future development in accordance with historical redevelopment objectives; and (4) fulfillment of an enforceable obligation; and

WHEREAS, the ARPMP identifies the Property in the future development category; and

WHEREAS, pursuant to H&S Code section 34180(f), in exchange for the City retaining the Property for future development, the City and other local taxing entities must enter into a compensation agreement under which the City compensates the other local taxing entities in accordance with their proportional share of base property tax revenues as determined pursuant to

H&S Code section 34188 for the value of the Property (Compensation Agreement), a copy of which is included as Attachment B to the Staff Report; and

WHEREAS, consistent with the California Environmental Quality Act (CEQA), the environmental impacts of development within the Southeastern San Diego and Encanto Neighborhood Community Plan area have been evaluated in the Final Program Environmental Impact Report for the Southeastern San Diego and Encanto Neighborhood Community Plan updates (Encanto PEIR), certified by the City Council on December 2, 2015 (Resolution R-31077); and

WHEREAS, the Encanto PEIR is the most recent and comprehensive environmental document pertaining to the Project, and is prepared in accordance with CEQA Guidelines section 15168; and

WHEREAS, a CEQA consistency evaluation for the Project (Consistency Evaluation) has been completed, in accordance with CEQA and related state and local guidelines, and a copy of the Consistency Evaluation is included as Attachment E to the Staff Report and is incorporated fully into this Resolution; and

WHEREAS, the Consistency Evaluation sets forth findings that the Project is within the scope of the development program analyzed in the Encanto PEIR and will not result in new or increased environmental effects compared to what already has been evaluated in the Encanto PEIR; and

WHEREAS, in accordance with H&S Code section 33433(a)(1), the City Council held a public hearing on July 27, 2021, to consider the approval of the Agreement after publishing notice of the public hearing as specified in Government Code section 6066; and

WHEREAS, in accordance with H&S Code section 33433(a)(2), a consultant retained by the City prepared a "Summary Report" dated June 2021 related to the Agreement (Summary

Report), and a copy of the Summary Report is included as Attachment D to the Staff Report and incorporated fully into this Resolution; and

WHEREAS, the City has made copies of the Agreement and the Summary Report available for public inspection and copying no later than the time of the first publication of the notice of the public hearing; and

WHEREAS, the City Council has considered the information in the Summary Report, which contains a summary describing and specifying all of the following:

- (i) The cost of the Agreement to the City; and
- (ii) The estimated fair market value of the interest to be conveyed, determined at the highest and best use permitted under the Southeastern San Diego Merged Redevelopment Plan, as amended (Redevelopment Plan) and Encanto Neighborhood Community Plan; and
- (iii) The estimated value of the interest to be conveyed, determined at the use and with the conditions, covenants, and development costs required by the Agreement; and
- (iv) The fair market value of the interest to be conveyed, along with an explanation as to why the compensation is less than the fair market value, if any, determined at the highest and best use consistent with the Redevelopment Plan; and
- (v) An explanation of why the conveyance of the Property in accordance with the Agreement will assist in the elimination of blight, with reference to all supporting facts and materials relied upon in making this explanation; and

WHEREAS, pursuant to H&S Code section 33433, the City Council considered the information in the Summary Report; and

WHEREAS, the City Council believes that the Agreement is in the best interests of the City and the health, safety, morals and welfare of its residents, and in accordance with the public purposes and provisions of applicable state and local law and requirements; and

WHEREAS, the City Council has considered any written evidence and testimony received in support of or in opposition to the Agreement, as well as the entire record prepared by City staff related to the matters addressed in this Resolution; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, as follows:

1. The City Council finds and determines that all recitals set forth in this Resolution are true and correct and fully incorporated in this Resolution.

2. Consistent with the analysis contained in the Consistency Evaluation, the environmental effects of the Project were adequately addressed in the Encanto PEIR, and the Project is within the scope of the development program described therein.

3. The City Council adopts the following findings, as set forth in the Consistency Evaluation, with respect to the environmental effects of the Project:

(a) No substantial changes are proposed, or there are no circumstances under which the Project is to be undertaken, which will require important or major revisions in the Encanto PEIR; and

(b) No new information of substantial importance to the Project has become available, which was not known or could not have been known at the time the Encanto PEIR was certified as complete, and which shows that the Project will have any significant effects not discussed previously in the Encanto PEIR, or that any significant effects previously examined will be substantially more severe than shown in the Encanto PEIR, or that any mitigation measures or alternatives previously found not to be feasible or not previously considered would substantially reduce or lessen any significant effects on the environment; and

(c) No negative declaration, subsequent environmental impact report, or supplement or further addendum to the Encanto PEIR is necessary or required; and

(d) The development of the Project will have no significant effect on the environment, except as identified and considered in the Encanto PEIR, and no new or additional project-specific mitigation measures are required in connection with development of the Project; and

(e) The Project will not have any new effects that were not adequately covered in the Encanto PEIR, and therefore, the Project is within the scope of the development program approved under the Encanto PEIR.

4. Pursuant to CEQA Guidelines sections 15162 and 15168, the City Council determines that no further environmental documentation is required to address the potential environmental effects of the Project.

5. The City Clerk, or designee, is directed to file a Notice of Determination with the Clerk of the Board of Supervisors for the County of San Diego regarding the Project.

6. The City Council finds that the consideration to be received by the City for the sale of the Property under the Agreement is not less than fair reuse value at the use and with the covenants, conditions, and development costs required by the Agreement.

7. The City Council finds that the development of the Property under the Agreement will assist in the elimination of blight in the Encanto Neighborhood Community Plan and is consistent with the Redevelopment Plan and the most recent five-year implementation plan adopted pursuant to H&S Code section 33490.

8. The City Council approves the Agreement and all other attachments and exhibits to the Agreement.

9. The Mayor, or designee, is authorized and directed to sign the Agreement, including all attachments and exhibits requiring the City's signature. A copy of the signed Agreement shall be placed on file with the City Clerk as Document No. RR- 313666-1

10. The City Council approves the Compensation Agreement.

11. The Mayor, or designee, is authorized and directed to sign the Compensation Agreement. A copy of the signed Compensation Agreement shall be placed on file with the City Clerk as Document No. RR- 313666-2

12. The Mayor, or designee, is authorized and directed to sign all documents necessary and appropriate to carry out and implement the Agreement and the Compensation Agreement and to administer the City's obligations, responsibilities, and duties to be performed under the Agreement, including all attachments and exhibits, and the Compensation Agreement.

13. The Chief Financial Officer, as delegated, is authorized to accept the purchase price payment of \$1,243,123 and deposit the funds into the Successor Agency Property Management Fund No. 200723 and to appropriate and expend such funds in accordance with the Agreement and the Compensation Agreement.

APPROVED: MARA W. ELLIOTT, City Attorney

By /s/ Katherine A. Malcolm  
Katherine A. Malcolm  
Deputy City Attorney

KAM:soc  
06/22/2021  
Or. Dept: Economic Dev't  
Doc. No.: 2694842

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of 07/27/2021.

ELIZABETH S. MALAND  
City Clerk

By /s/ Connie Patterson  
Deputy City Clerk

Approved: 8/3/21  
(date)

  
TODD GLORIA, Mayor

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
TODD GLORIA, Mayor

Passed by the Council of The City of San Diego on JUL 27 2021, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jennifer Campbell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stephen Whitburn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Monica Montgomery Steppe	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marni von Wilpert	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Raul A. Campillo	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vivian Moreno	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sean Elo-Rivera	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage AUG 03 2021

**(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)**

AUTHENTICATED BY:

TODD GLORIA  
Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND  
City Clerk of The City of San Diego, California.

By Connie Patterson, Deputy

Office of the City Clerk, San Diego, California

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