



THE CITY OF SAN DIEGO

MEMORANDUM

DATE: June 6, 2012

TO: Honorable Councilmember Todd Gloria, Budget Review Committee Chair  
and Budget Review Committee Members

FROM: Mark Leonard, Financial Management Director

SUBJECT: Fiscal Year 2013 Proposed Citywide Program Expenditures Budget Referral  
Response

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This memorandum is in response to questions asked at the Budget and Finance Committee Meeting held on May 23, 2012. The responses are listed in the order that they were reviewed by the Committee.

**CITYWIDE DEPARTMENT**

**COUNCIL DISTRICT 7**

**QUESTION:**

What is the current interest rate for the McGuigan Settlement and is there any plan to refinance to a lower rate?

**RESPONSE:**

The current interest rate under the McGuigan Settlement Modification is 3.79 percent. Pursuant to the assignment of the McGuigan Settlement to the lender, installment payments are fixed with the final payment scheduled to be paid off on July 1, 2014. Due to the short term and private placement nature of the obligation under the established legal terms of the loan, an economic refunding is not considered viable.

**QUESTION:**

Regarding the College Grove Park & Ride Program, have we done any follow-up to see if people are using it and if it is worth it to continue with the current contracts?

Honorable Councilmember Todd Gloria, Budget Review Committee Chair and  
Budget Review Committee Members  
June 6, 2012

**RESPONSE:**

The College Grove Park & Ride lease was terminated per Council Ordinance Number O-19983 (see **Attachment**), which was approved by the City Council on July 27, 2010.

**QUESTION:**

How much revenue did Muni-Services bring in last year and how much are they anticipating for the coming year? Is the \$650,000 or 8 percent of the total revenue recovered?

**RESPONSE:**

In Fiscal Year 2011, Muni-Services' recovery efforts resulted in approximately \$2.8 million in sales tax revenue for the City that would have otherwise been distributed to other municipalities. To date in Fiscal Year 2012, Muni-Services' efforts have provided the City with approximately \$3.6 million in sales tax revenue resulting from two large settlements during the current year.

The current contract between the City and Muni-Services sets the compensation at 18 percent of sales tax revenues recovered on behalf of the City. The Fiscal Year 2013 Proposed Budget of \$650,000 is based on average historical recoveries.

**QUESTION:**

Regarding the Kinder-Morgan Litigation, what was the \$300,000 spent on?

**RESPONSE:**

The Fiscal Year 2012 Year-End Projection assumes that only \$150,000 will be spent on the Kinder Morgan Litigation in Fiscal Year 2012. Expenses for the Kinder Morgan Litigation have included outside counsel costs and expert costs.

Mark Leonard/vm

Attachment: Ordinance Number O-19983

cc: Honorable Mayor Jerry Sanders  
Honorable Council Members  
Jay M. Goldstone, Chief Operating Officer  
Wally Hill, Assistant Chief Operating Officer  
Julie Dubick, Chief of Staff  
Almis Udrys, Deputy Director of IRD & Fiscal Policy  
Andrea Tevlin, Independent Budget Analyst  
Amy Gowan, Director of Council Affairs  
Lakshmi Kommi, Debt Management Director  
James Barwick, Real Estate Assets Department  
Jan I. Goldsmith, City Attorney  
Eduardo Luna, City Auditor

ORDINANCE NUMBER O- 19983 (NEW SERIES)

DATE OF FINAL PASSAGE AUG 05 2010

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING THE MAYOR TO TERMINATE A LEASE AGREEMENT WITH WAL-MART REAL ESTATE BUSINESS TRUST AND SAN DIEGO GROVE, LP, IN CONNECTION WITH A PARK AND RIDE FACILITY AT THE COLLEGE GROVE SHOPPING CENTER.

WHEREAS, this ordinance requires a majority vote of the members elected to the City Council to pass; and

WHEREAS, in 1998, the Redevelopment Agency of the City of San Diego entered into a Disposition and Development Agreement to assist with the renovation of the College Grove Shopping Center and the attraction of several new anchor commercial tenants, including Wal-Mart; and

WHEREAS, the City Council approved a Lease Agreement [Lease] filed in the Office of the City Clerk as Document No. OO-18547 on July 20, 1998, between the City and the shopping center development partners, Wal-Mart Real Estate Business Trust and Vestar Development II, L.L.C. [collectively, the Landlord], to provide 350 parking spaces at the west end of the shopping center for a Park and Ride area available to the general public to support public transit and carpooling; and

WHEREAS, the total rent under the Lease is \$2,393,000 to be paid in annual installments over 15 years, with interest to be paid on any unpaid rent at the rate of 10 percent per annum, compounded annually; and

WHEREAS, the City has not made any payments under the Lease; and

WHEREAS, the Landlord would like to terminate the Lease, and City staff have negotiated a Lease Termination Agreement, whereby the City would make a one-time payment in full satisfaction of the Lease, and for the City to be released from any further financial obligation under the Lease; NOW, THEREFORE,

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

Section 1. That the Mayor or his designee is authorized to execute and deliver the Lease Termination Agreement filed in the Office of the City Clerk as Document No. 00-19983.

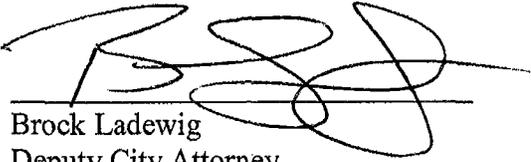
Section 2. That the Chief Financial Officer is authorized to appropriate and expend One Million Seven Hundred Thousand Dollars (\$1,700,000) from Fund No. 200414-College Grove Public Use Lease, to pay WAL-MART REAL ESTATE BUSINESS TRUST, a Delaware statutory business trust, and VESTAR DEVELOPMENT II, L.L.C., an Arizona limited liability company, as required by the Lease Termination Agreement.

Section 3. That the Mayor or his designee is authorized to execute and deliver such incidental documents on behalf of the City as are necessary and in the City's best interests to effect the transaction contemplated by the Lease Termination Agreement.

Section 4. That a full reading of this ordinance is dispensed with prior to its passage, a written or printed copy having been available to the City Council and the public prior to its passage.

Section 5. That this ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

APPROVED: JAN I. GOLDSMITH, City Attorney

By   
Brock Ladewig  
Deputy City Attorney

BL:mm  
04/29/10  
Or. Dept.: City Planning & Comm. Invest/Redev. Div.  
O-2010-100  
MMS#12061

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of JUL 27 2010.

ELIZABETH S. MALAND  
City Clerk

By   
Deputy City Clerk

Approved: 8-5-10  
(date)

  
JERRY SANDERS, Mayor

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

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JERRY SANDERS, Mayor