

**SAN YSIDRO REDEVELOPMENT PROJECT AREA
SAN DIEGO, CALIFORNIA**

**SUMMARY PERTAINING TO THE USE OF TAX INCREMENT
FOR THE SAN YSIDRO NEW BRANCH PUBLIC LIBRARY**

**Pursuant to California Community Redevelopment Law
Sections 33445 and 33679**

THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO

February 2011

TABLE OF CONTENTS

	<u>Page Number</u>
I. INTRODUCTION.....	1
II. COSTS TO THE AGENCY.....	2
III. FACTS SUPPORTING THAT THE SAN YSIDRO PUBLIC LIBRARY IS OF BENEFIT TO THE PROJECT AREAS BY HELPING TO ELIMINATE BLIGHT... 3	3
IV. FACTS SUPPORTING THAT NO OTHER REASONABLE MEANS OF FINANCING ARE AVAILABLE TO THE COMMUNITY.....	4
V. FACTS SUPPORTING THAT THE PAYMENT PROVIDED BY THE AGENCY IS CONSISTENT WITH THE IMPLEMENTATION PLAN.....	6
VI. THE REDEVELOPMENT PURPOSE FOR WHICH AGENCY FUNDS ARE BEING USED.....	6

I. INTRODUCTION

The Redevelopment Agency of the City of San Diego, California (“Agency”) is considering the use of tax increment generated from the San Ysidro Project Area to fund the design and construction of a new City branch library (San Ysidro Public Library) within the San Ysidro Redevelopment Project Area.

This Summary was prepared in accordance with Sections 33445 and 33679 of the California Community Redevelopment Law in order to inform the Agency and the public about the use of Agency funds. This Summary describes and specifies:

- a. The costs to the Agency for design and construction of the San Ysidro Public Library;
- b. That the San Ysidro Public Library is of benefit to the Project Area by helping to eliminate blight;
- c. That there are no other reasonable means of financing the San Ysidro Public Library that are available to the City of San Diego;
- d. That the payment to be provided by the Agency is consistent with the “Implementation Plan for the Period of April 16, 2006-April 16, 2011, Third Implementation Plan for the San Ysidro Redevelopment Project Area; and
- e. The redevelopment purposes for which Agency funds are being used.

II. COSTS TO THE AGENCY

The estimated Agency cost for the San Ysidro Public Library appears in the aforementioned Exhibit 1 to the Cooperation Agreement. The estimated costs to the Agency total \$2,500,000. All of these costs will be paid from tax increment generated from the Project Area. The funds from the Project Area will be derived as set forth in the budget breakdown below and more particularly in Exhibit 1 to the Cooperation Agreement.

Project Area	Item	Amount
San Ysidro	Construction	\$2,500,000
Total		\$ 2,500,000

III. FACTS SUPPORTING THAT THE SAN YSIDRO PUBLIC LIBRARY IS OF BENEFIT TO THE PROJECT AREA BY HELPING TO ELIMINATE BLIGHT

The new City of San Diego (“City”) branch library (San Ysidro Public Library), for which the Redevelopment Agency of the City of San Diego (“Agency”) proposes to pay, are of benefit to the San Ysidro Redevelopment Project Area (“Project Area”) by helping to eliminate blighting conditions within the Project Area (and/or providing housing for low- or moderate- income persons if applicable), in that:

- a. The existing San Ysidro Library, built in 1924 (partially remodeled in 1984), is partially air conditioned; its major building systems are old and not energy efficient; it has an electronic infrastructure that cannot support more computer/electronic equipment; it has no onsite parking; and it is not in compliance with the American with Disabilities Act (ADA). Furthermore, based upon library building size and design standards provided by the Library Department of the City of San Diego, the current facility provides 0.13 square feet per capita, which is far below the recommended American Library Association Standard for Small Libraries of 0.60 square feet per capita, which could be satisfied with the development of a new branch library. The development of the library will replace the outdated structure with a new facility and with sufficient parking.
- b. The new branch library will assist in eliminating factors that prevent or substantially hinder the economically viable use or capacity of nearby properties by replacing an existing structure of substandard design and capacity with a facility that is consistent with current library facility standards, including providing state of the art computer lab facilities, sufficient parking, and creates conference rooms and facilities that can be made available to the general public.
- c. The Library will assist in eliminating factors that prevent or substantially hinder the economically viable use or capacity of nearby properties by increasing the available public parking in the immediate area.
- d. The Library will assist in eliminating factors that prevent or substantially hinder the economically viable use or capacity of properties within the Redevelopment Project area by upgrading public improvements in the neighborhood including, off and on-site public improvements, landscaping, parking, and related improvements.

IV. FACTS SUPPORTING THAT NO OTHER REASONABLE MEANS OF FINANCING ARE AVAILABLE TO THE COMMUNITY

No other reasonable means of financing the cost of acquisition of land for and/or the cost of installation and construction of the new City branch library (San Ysidro Public Library) are available to the community (i.e., City of San Diego) for which the Agency proposes to pay, in that:

City of San Diego

- a. The City's General Fund is dependent on the financial health of the local economy in addition to the State and nationwide economy. Some economic indicators are currently still lagging and could possibly restrain economic stabilization or expansion in the economy in Fiscal Year 2011. The improvement in municipal budgets appears to be also lagging the overall economy. Overall, the economic outlook remains very uncertain in the upcoming fiscal year.
- b. The City's General Fund Budget is funded from various sources, but the four largest revenue sources are property tax, sales tax, transient occupancy tax ("TOT"), and franchise fees, and account for approximately \$710.8 million or 64.8 percent of total General Fund revenues. The decline in these four major revenues in the Fiscal Year 2011 Adopted Budget accounts for approximately \$31.6 million or 94.3 percent of the total General Fund decline of \$33.5 million compared to the Fiscal Year 2010 Adopted Budget.
- c. In Fiscal Year 2011 sales tax is budgeted at \$187.5 million, which represents a decrease of \$22.7 million or 10.8 percent from the Fiscal Year 2010 Adopted Budget due to the decline in per capita income and consumer spending, and the high unemployment rate in the City. TOT is budgeted at \$66.1 million, a decrease of \$9.8 million or 12.9 percent from the Fiscal Year 2010 Adopted Budget due to the decline in local tourism. Franchise fees are budgeted at \$67.2 million, a decrease of \$6.5 million or 8.9 percent from the Fiscal Year 2010 Adopted Budget due to a decline in refuse haulers tonnage.
- d. The City's Fiscal Year 2011 Adopted Budget reflects General Fund revenues and expenditures of \$1.10 billion, representing a decline of \$33.5 million or 3.0% over the Fiscal Year 2010 Adopted Budget. The Fiscal Year 2011 Adopted Budget includes 7,067.98 budgeted full time equivalent ("FTE") positions, a decrease of 328.94 FTE positions over the Fiscal Year 2010 Budget. The net decrease in General Fund positions is primarily due to the reduction of 485.16 FTE positions as

part of the revised Fiscal Year 2010 Budget approved by the City Council that has been incorporated in the Fiscal Year 2011 Adopted Budget. These reductions were to City's critical services including brownouts in the Fire Department, reductions in lifeguard positions, and reductions in library hours. If the City's revenues improve, then the City's first priority would be to restore those critical services funded by General Fund that have been reduced this year due to the loss of revenue in fiscal year 2011.

- e. The City's Fiscal Year 2011 Adopted Budget, approved by City Council in June 2010, includes reduced revenue projections adjusted for a continuation of slow economic growth and a continued constriction of economic activity. Growth in revenues is anticipated to be negative in most major revenue categories such as property tax, sales tax, TOT, and franchisee fees.
- f. The City's Capital Improvements Program ("CIP") budget allocates existing funds and anticipated revenues to rehabilitate, restore, improve, enhance, and increase the City's capital facilities. This budget supports the design and construction of a wide range of infrastructure improvement projects and other significant capital infrastructure investments. The Fiscal Year 2011 CIP Adopted Budget totals \$299.6 million. This is a reduction of \$153.6 million or 33.9 percent from the Fiscal Year 2010 CIP Adopted Budget of \$453.2 million.
- g. Deferred capital projects remain one of the eight significant areas identified in the Five-Year Financial Outlook. Since Fiscal Year 2008, approximately \$142 million has been appropriated for facilities, streets, storm drain and other deferred capital projects, funded by proceeds from land sales, bond financing, and Proposition 1B funding. Another proposal for bond financing is anticipated to come before City Council in Fiscal Year 2012 to continue efforts to address the City's approximately \$900 million backlog of deferred projects.
- h. The cost of the San Ysidro Public Library is approximately \$15,000,000. There are currently no funds allocated in the Fiscal Year 2011 Adopted CIP Budget to fund the San Ysidro Public Library.

V. FACTS SUPPORTING THAT THE PAYMENT PROVIDED BY THE AGENCY WILL ASSIST IN THE ELIMINATION OF BLIGHTING CONDITIONS AND IS CONSISTENT WITH THE IMPLEMENTATION PLAN

The payment of Agency funds for construction of the San Ysidro Public Library is consistent with the Five-Year Implementation Plan for the respective Project Area (the "Implementation Plan") pursuant to section 33490 of the California Health and Safety Code, in that:

- a. The following improvement addresses the specific goals and objectives of the San Ysidro Implementation Plan, a copy of the Implementation Plan is on file with the Agency as Document No. D-04073 as identified in the work program which states in pertinent part as follows:
 - San Ysidro Public Library - Page 13:
 - "The library will consist of at least 15,000 square feet public facility that will accommodate a state of the art computer center, community meeting rooms, recreational facilities, and related parking."
 - "Furthermore, the library is an intelligent addition to the San Ysidro Redevelopment Plan because it focuses on the elimination of blight by encouraging a valuable tool: education."
 - "Agency contribution is projected to be between \$1.6 million to \$2.5 million."

VI. THE REDEVELOPMENT PURPOSE FOR WHICH AGENCY FUNDS ARE BEING USED

The purpose for which redevelopment Agency funds are being used to assist in the development of a new San Ysidro Public Library is to replace the existing 4,089 square foot San Ysidro Branch Library, which is considered outdated and does not meet current standard for neighborhood libraries. A new branch library would provide for an approximately 15,000 square foot facility that will meet the current and growing needs of residents and student population within the Project Area, including adjacent neighborhoods. A new branch library would provide enhanced services and facilities to area residents, including the growing student population of the San Ysidro School District. Enhanced services and facilities, include a state of the art computer lab, expanded library collections, community meeting rooms, audiovisual facilities, business and career resources, and other related services. Furthermore, the design and construction of an important City facility such as the San Ysidro Branch Library is a significant redevelopment purpose that will assist in revitalizing the community, attract investment opportunities, and eliminate existing blight within the Project Area.