

## **ATTACHMENT NO. 5**



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**SUMMARY REPORT FOR  
A PUBLIC FACILITY WHICH IS  
A MULTI-PURPOSE BUILDING FOR  
NORTH CHOLLAS COMMUNITY PARK  
PURSUANT TO SECTION 33679 OF THE  
CALIFORNIA COMMUNITY REDEVELOPMENT LAW**

PREPARED BY AND FOR  
THE REDEVELOPMENT AGENCY OF  
THE CITY OF SAN DIEGO  
July 13, 2009

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## **I. INTRODUCTION**

The Redevelopment Agency of the City of San Diego (“Agency”) is considering funding a Multi-Purpose Building and related infrastructure within the North Chollas Community Park in the Crossroads Redevelopment Project Area (“Project Area”). This summary report was prepared in accordance with Section 33679 of the California Community Redevelopment Law (“CRL”), (Health and Safety Code Section 33000 et. seq.) (“Summary Report”). Pursuant to Section 33679, before a Redevelopment Agency commits to use tax increment revenues for the purpose of paying all or a part of the value of the land for, and the cost of installation and construction of, any publicly owned building (“Public Facility”), the legislative body must hold a noticed, public hearing. At the time of the first publication of the notice of the public hearing, a Summary Report must be made available to the public for inspection and copying at least two weeks prior to the noticed public hearing, at a cost not to exceed the cost of duplication.

This Summary Report describes and specifies:

- A. The costs and tax increment funds to be paid by the Agency under the proposed transaction.
- B. The facts supporting determinations that:
  - 1. The Multi-Purpose Building and related infrastructure are of benefit to the Crossroads Project Area and the immediate neighborhood in which the Project Area is located;
  - 2. No other reasonable means of financing of the Multi-Purpose Building and related infrastructure are available to the community;
  - 3. The Agency financing of the Multi-Purpose Building and related infrastructure will assist in the elimination of one or more blighting conditions inside the Project Area; and
  - 4. The Agency financing of the Multi-Purpose Building and related infrastructure is consistent with the Implementation Plan for the Project Area adopted pursuant to Section 33490 of the CRL.
- C. The redevelopment purpose for which the Agency funds (tax increment funds) are being used to pay for the Multi-Purpose Building and related infrastructure.

## **II. PROJECT DESCRIPTION**

The Redevelopment Agency and City desire to build a Public Facility (i.e., Multi-Purpose Building) and related infrastructure (i.e., Utility Services) within and for North Chollas Community Park. North Chollas Community Park is owned by the City of San Diego, managed by the Park and Recreation Department and is located within the Crossroads Redevelopment Project Area. North Chollas Community Park is located east of 54<sup>th</sup> Street and north of College Grove Drive. [see attached Project Location Map]

This proposed Public Facility (“Multi-Purpose Building”) is approximately 1,800 square feet and includes a Men’s/Women’s and family restroom, a concession stand, utility service room and Park and Recreation and field storage space. The proposed Multi-Purpose Building is contemplated within the Crossroads Redevelopment Plan and the Crossroads 2008-2013 Five-Year Implementation Plan (“Plan”). The Plan allows for the expansion of park facilities within North Chollas Community Park in accordance with and consistent with the approved General Development Plan (“GDP”). The Plan allows for the expansion of parks, recreational and green space opportunities for Crossroads Project Area residents, visitors, and property owners (i.e. City Heights, Eastern Area and College Area) and other adjoining communities.

The Redevelopment Agency anticipates submitting an application to the State of California Infrastructure Bank (“I-Bank”) for a loan of up to \$2,000,000 to fund a portion of the cost of this proposed Multi-Purpose Building. If the Redevelopment Agency is successful in being awarded the loan, the Redevelopment Agency will transfer the net proceeds along with \$952,000 in tax increment funds from the Crossroads Redevelopment Project Area to the City of San Diego for construction of this proposed Multi-Purpose Building. Even though the Redevelopment Agency will be providing the loan proceeds and tax increment funds for the cost of constructing this proposed Multi-Purpose Building the construction administration will be managed by the City, as a Capital Improvement Project (“CIP”).

### **III. ESTIMATE OF TAX INCREMENT REVENUES TO BE USED**

The Crossroads Redevelopment Project Area currently has adequate tax increment on hand to provide \$952,000 along with the \$2,000,000 I-Bank loan in order to provide total funding of \$2,952,000 which is the estimated cost to construct this proposed Multi-Purpose Building. The I-Bank loan is proposed to be paid back from Crossroads Redevelopment Project Area tax increment over 25 years. Annual debt service payments are estimated at \$128,000. The project area generates adequate tax increment to make estimated debt payments. There is no prepayment penalty if the Redevelopment Agency chooses to pay off the loan early or refinance the loan.

### **IV. FACTS SUPPORTING SECTION 33445 FINDINGS**

Pursuant to Section 33445 of the CRL a Redevelopment Agency may, with the consent of the legislative body, pay all or a part of the cost of the installation and construction of any building, facility, structure or other improvement, that is publicly owned within the Project Area, if the legislative body makes certain determinations.

The following facts related to the construction of this proposed Multi-Purpose Building support this determination:

*(1) That the buildings, facilities, structures, or other improvements are of benefit to the project area or the immediate neighborhood in which the project is located, regardless of whether the improvement is within another project area, or in the case of a project area in which substantially all of the land is publicly owned that the improvement is of benefit to the adjacent project area of the agency.*

North Chollas Community Park serves the Crossroads Project Area, College Grove Project Area, the immediate neighborhoods and region. North Chollas Community Park is located in the Crossroads Project Area and it is adjacent to the College Grove Project Area. The project areas, surrounding neighborhoods and region are deficient in sports facilities and open park areas based on the City of San Diego's General Plan Guidelines. Recreational users and spectators from the project areas, immediate neighborhoods and region who will utilize this community park and existing ball field will also utilize the proposed Multi-Purpose Building.

After the proposed Multi-Purpose Building is built, the utilization of the ball fields is expected to increase due to the potential for hosting day long or multiple day tournaments because leagues or groups will be able to securely store equipment on-site before and after games or practices. With the proposed Multi-Purpose Building

providing space for a concession stand users and spectators will be able to obtain refreshments on-site thus reducing vehicle traffic into the adjoining area. Finally, the proposed Multi-Purpose Building will also provide restroom facilities encouraging more families and children to visit and use the adjacent facilities.

*(2) That no other reasonable means of financing the buildings, facilities, structures, or other improvements, are available to the community.*

There are no other reasonable means available to the community for financing the Multi-Purpose Building for which the Agency proposes to pay in that:

A. ASSESSMENT DISTRICTS

An assessment district is not viable in the Project Area because the existing property owners have limited incomes, and are having difficulty being able to afford the upkeep of their property, and are unlikely to support the establishment of an assessment district and additional taxes or fees.

Census 2000 data demonstrate that census tracts in the Project Area have lower median per capita income than the State as a whole. In addition, the census tracts within the Crossroads Project Area qualify for Community Development Block Grant (“CDBG”) funds. The data also indicates that home ownership in the Project Area necessitated that households spend more than 30 percent of their income on house payments and taxes. This amount does not include any additional funds required for maintenance and the census data shows the 59 percent of the residential units in the Project Area are over 50 years old. Accordingly, an assessment district would not be successful in this Project Area.

B. CITY OF SAN DIEGO

Other funding sources are stretched to serve the entire city. Potential sources in this category that could be used for public facilities include: CDBG funds, utility undergrounding funds, street maintenance funds, Transit Occupancy Tax (“TOT”) funds, CIP funds, Transnet funds, Library bonds, Housing bonds, and State funds. All of these funds are targeted to specific projects and programs and even with these sources, significant unmet needs remain not only in the Project Area but also citywide.

The Fiscal Year 2010 Proposed CIP Budget totals \$480.7 million. This is a reduction of \$106.3 million or 18.1 percent from the Fiscal Year 2009 Annual CIP Budget of \$587.0 million. The reduction between Fiscal Years 2009 and 2010 is primarily due to one-time financing and Proposition 1B funds included in the Fiscal Year 2009 Annual CIP Budget for capital deferred maintenance.

Deferred maintenance and Americans with Disabilities Act (ADA) obligations are two of the eight significant areas identified in the City's Five-Year Financial Outlook. The Proposed CIP Budget includes \$11.8 million for facilities deferred maintenance capital projects, funded by proceeds from land sales, to continue efforts to address the City's estimated \$800-900 million backlog of deferred maintenance needs. This is in addition to the \$129.7 million of funding that was approved in the Fiscal Years 2008 and 2009 Annual CIP Budgets for facilities, streets, storm drains, and sidewalk capital deferred maintenance projects. The funding appropriated in prior years includes \$102.2 million of the bond financing for capital deferred maintenance projects that was received in March 2009. The Proposed CIP Budget also includes \$11.1 million for ADA improvements funded by proceeds from land sales and CDBG, which is in addition to the \$23.3 million of funding approved in Fiscal Years 2008 and 2009.

Water and sewer projects in the Fiscal Year 2010 Proposed CIP Budget are funded by water and sewer rates. On February 26, 2007, City Council approved water and sewer rate increases. Water rates will increase 6.5 percent each year through Fiscal Year 2011. Sewer rates increased 8.75 percent in May 2007 and May 2008 and will increase 7 percent in May 2009 and May 2010. The revenues generated from these rate increases are projected to fund \$585.0 million of water and \$648.0 million of sewer projects over this time period. In addition, the Fiscal Year 2010 Proposed CIP Budget includes \$28.1 million of TransNet Extension cash and commercial paper funding for transportation projects.

The most significant change in the CIP Budget is due to the \$77.5 million of one-time bond financing and the \$15.4 million of Proposition 1B funds that were included in the Engineering and Capital Projects, General Services and Storm Water Departments' Fiscal Year 2009 Annual CIP Budgets for deferred maintenance capital projects. Bond financing for capital deferred maintenance needs was received in March 2009 and will fund the \$102.2 million of bond financing previously appropriated in deferred maintenance capital projects in Fiscal Years 2008 and 2009.

To summarize, the City does not have any reasonable resources to provide funding for the Multi-Purpose Building in this Project Area.

*(3) That the payment of funds for the acquisition of land or the cost of buildings, facilities, structures, or other improvements will assist in the elimination of one or more blighting conditions inside the project area or provide for low- or moderate-income persons, and is consistent with the implementation plan adopted pursuant to Section 33490.*

**A. FACTS THAT SHOW ELIMINATION OF BLIGHTING CONDITIONS**

Health and Safety Code Section 33031(a)(2) describes physical conditions that cause blight: “Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. These conditions may be caused by buildings of substandard, defective, or obsolete design or construction given the present general plan, zoning, or other development standards”.

The North Chollas Community Park has several areas of obsolete design or construction given general plan, zoning, or other development standards. Numerous design or deficiencies are identified in the Mid-City Community and College Area Community Plan. These include traffic circulation, street improvements, drainage and sewer upgrades, utility undergrounding, and public facilities and park improvements.

The proposed Multi-Purpose Building will allow for greater utilization of the North Chollas Community Park (i.e., lots) and existing ball field. The lack of a building within the park, the park’s remote location and lack of utilities (i.e., telephone, water and lighting) has hindered the viable use of the Park and existing ball field.

**B. FACTS THAT SHOW THAT FUNDING THE MULTI-PURPOSE BUILDING IS CONSISTENT WITH THE IMPLEMENTATION PLAN FOR THE PROJECT AREA**

The proposed Multi-Purpose Building is contemplated within the Crossroads Redevelopment Plan and the Crossroads 2008-2013 Five-Year Implementation Plan (“Plan”). The Plan allows for the expansion of park facilities within North Chollas Community Park in accordance with and consistent with the approved General Development Plan (“GDP”). The Plan allows for the expansion of parks, recreational and green space opportunities for Crossroads Project Area residents, visitors, and property owners (i.e. City Heights, Eastern Area and College Area) and other adjoining communities.

Census 2000 data demonstrate that census tracts in the Project Area have lower median per capita income than the State as a whole. The data also indicates that home

ownership in the Project Area necessitated that households spend more than 30 percent of their income on house payments and taxes. This amount does not include any additional funds required for maintenance and the census data shows the 59 percent of the residential units in the Project Area are over 50 years old.

**V. THE REDEVELOPMENT PURPOSE FOR WHICH TAX INCREMENT IS BEING USED**

A stated objective of the Crossroads Redevelopment Plan is to expand recreational opportunities within the Project Area for residents and property owners by developing facilities such as the urban resource-based park in North Chollas Canyon (i.e. North Chollas Community Park) and developing neighborhood parks and green spaces where there is a deficiency in local parks (i.e., Mid-City Community). In order to accomplish this objective, the Crossroads Redevelopment Plan allows for the acquisition, installation, construction, reconstruction, redesign or reuse of streets, park and recreation facilities and other public facilities.

The Crossroads 2008-2013 Five Year Implementation Plan which was adopted by the Redevelopment Agency on May 13, 2008 allows for the expansion of recreational opportunities for Project Area residents and property owners by developing park facilities at North Chollas Community Park according to the approved General Development Plan.

The proposed use of existing and future Crossroads Project Area tax increment funds for the construction of this proposed Multi-Purpose Building is consistent with and assists with the implementation of the Crossroads Redevelopment Plan. The Redevelopment Plan authorizes the Agency to participate in opportunities to construct or expand public facilities. The proposed construction of a Multi-Purpose Building within the North Chollas Community Park will expand the utilization of the existing ball field. The lack of such a building within the park, the park's remote location and lack of utilities (i.e., telephone, water and lighting) has hindered the viable use of the Park and existing ball field.

# NORTH CHOLLAS COMMUNITY PARK



AT 10 11 2010

## Project Location

May 2009

**The City of San Diego**

THESE PLANS AND SPECIFICATIONS WERE PREPARED BY THE ARCHITECT FOR THE CITY OF SAN DIEGO. THE CITY OF SAN DIEGO IS NOT RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED IN THESE PLANS AND SPECIFICATIONS. THE CITY OF SAN DIEGO IS NOT RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED IN THESE PLANS AND SPECIFICATIONS. THE CITY OF SAN DIEGO IS NOT RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED IN THESE PLANS AND SPECIFICATIONS.