

To: San Diego Redevelopment Agency

From: League of Women Voters San Diego

Kathleen McLeod

Re: Concurrent Public Hearings for 11 Redevelopment Project Areas

Date: 10/17/2006

Scott Peters, President and members of the Redevelopment Agency:

Earlier this year, the LWV undertook a close examination of the RDA budget after a report from a League member about the apparent lack of fiduciary responsibility by the SEDC Board when it adopted its 2007 budget. We came before you at your May 23rd hearing with 4 recommendations that focused on transparency and accountability, project budgets, Redevelopment Restructuring, and the Budget Hearing Schedule.

The League's recommendation about project budgets stems from questionable budgeting in the Central Imperial Project Area, which you are reviewing today. At least 3 of the project budgets within Central Imperial are not transparent and do not reconcile with the public record. 1) The cumulative history for 54th and Market doesn't reflect the City's Audited Statement for 2002, nor activity since then. 2) SEDC hasn't divulged the source besides the Post Office, for about half of the \$2.73M in Developer Proceeds at Valencia Business Park. And 3), Imperial Marketplace's line item for Developer Proceeds should be \$1.00 rather than \$2.8M because "developer contributions" from Pacific Development Partners should be budgeted as loans, to be repaid using tax increment and sales tax revenues produced by the project over 20 years.

The League recently read in the Voice of San Diego that Councilmember Young and the City Attorney requested the City Auditor to audit affordable housing funds at SEDC. We are now asking that the scope of this audit be expanded to include SEDC's project budgeting, especially these 3 projects. We are hopeful that Council President Pro Tem Young would add our item to those he is referring to the City Auditor. In the meantime, we are also asking that the proposed 3rd amendment to the DDA with Pacific Development Partners to take over Valencia Business Park, which was tentatively scheduled for today, be postponed. Full disclosure of the Agency's financial history with this developer should be made transparent and included in staff's report. We also ask that the IBA weigh in on a format that shows the costs and benefits of Imperial Marketplace over 20 years before we turn over Valencia Business Park to this developer.