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DATE: March 28, 2012

TO: Honorable Mayor and City Councilmembers

FROM: Economic and Community Development Department

SUBJECT: **APPROVE STAFF RECOMMENDATIONS FOR THE FUTURE EXPENDITURES OF THE REMAINING DOWNTOWN CAPITAL IMPROVEMENT FUNDS**

**SYNOPSIS**

Staff recommends that the City Council approve the recommendations for the future expenditures of the remaining Downtown Capital Improvement Funds.

**BACKGROUND**

On March 16, 2011, the City Council approved a Cooperation Agreement between the City and Community Development Commission for the City of Oceanside to construct certain public infrastructure improvements within the Downtown Redevelopment Project Area. The staff report identified several projects that were either under construction, contracted or pending. Below is the current status of these projects:

- 1) Waterfront Restroom Project: Staff currently has a professional services agreement with RRM for \$512,997, to prepare conceptual designs, entitlements and construction drawings for five beach restrooms. In order for this project to move forward, the RRM contract requires an amendment which includes additional design work for the renovation of the bath house restroom in addition to an evaluation of the existing sewer lift station. Once entitlements are issued, the construction drawings would be prepared and then the project could go out to bid. The project's estimated construction cost is \$2.2 million.
- 2) Mission Avenue Improvements: Construction drawings are nearly completed for this project. This project could go out to bid and construction could start as early as fall 2012. Staff will be seeking additional funding for this project through applications to several new grants including Sustainable Communities, Safe Routes to School, HSIP, Livable Communities, Tiger and EECBG. Staff will be pursuing these grants to offset the project's construction costs estimated at \$2.1 million (Phase 1 to Coast Highway).
- 3) Lot 26 new parking structure: Lot 26 is located directly west of the NCTD parking structure on Myers Street between Seagaze Drive and Topeka Streets. A second parking structure located west of the railroad tracks would provide

additional public coastal parking and spur future development. The City has estimated the cost for the 3-level parking structure (approximately 480 new public parking spaces) at \$6-11 million.

- 4) Lot 23 retail/office/parking project: Lot 23 located at Pier View and Cleveland Streets, has been proposed to be developed for an additional 360 public parking spaces for the downtown area. Staff believes that this site would be suitable as a mixed-use office project. An office user could provide much needed daytime population to benefit the downtown restaurants and businesses while providing public parking spaces for nights and weekends. The estimated cost for the parking portion of the project is \$7-8 million.
  
- 5) Amphitheater/beach improvements: Several years ago the community expressed an interest in improving the beach facilities located at the pier and beach areas. There was a fairly aggressive plan that called for major improvements to the amphitheater and surrounding beach facilities. At that time, staff realized there was inadequate funding for such an ambitious project, therefore, the project was tabled. There may be an opportunity in the future for some minor improvements to the existing beach facilities which would help enhance the overall appearance of the area.

Prior to the State actions affecting Redevelopment Agencies, the City had anticipated issuing bonds for a number of Public Improvement Projects to benefit the downtown area. It is apparent that the Commission will not be able to issue any new bonds using Tax Increment monies; therefore, the City needs to determine which projects are critical for downtown future development and provide the greatest benefits to the area for the least amount of money.

The balance of the "uncommitted" bond funds is approximately \$11 million. With this limited financial resource, the City cannot complete all of the above noted projects. However, staff would recommend moving forward with Phase 1 of the Mission Avenue Improvements in order to enhance the gateway entry into the downtown area and to encourage future development that will likely occur west of Coast Highway.

In addition, staff recommends starting on a preliminary design and entitlements for a mixed-use office development including a public parking structure located on Lot 23. Currently, there are two public parking lots located east of the railroad tracks that Redevelopment has been leasing since 1999. Termination of Redevelopment means that in the near future these parking spaces may no longer be available to the public and that eventually the land will be developed.

**FISCAL IMPACT**

Not applicable.

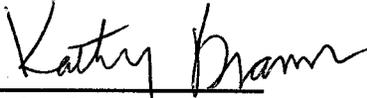
**CITY ATTORNEY'S ANALYSIS**

Does not apply.

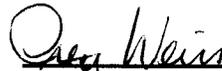
**RECOMMENDATION**

Staff recommends that the City Council approve the recommendations for the future expenditures of the remaining Downtown Capital Improvement Funds.

**PREPARED BY:**

  
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**SUBMITTED BY:**

  
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**REVIEWED BY:**

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