



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

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First District

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Second District

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Third District

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Fourth District

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Fifth District

DATE: December 9, 2025

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TO: Board of Supervisors

SUBJECT

**APPROVE COMPENSATION AGREEMENT REGARDING WALKER SCOTT
PROPERTY RETAINED BY CITY OF SAN DIEGO FOR FUTURE DEVELOPMENT
(DISTRICTS: ALL)**

OVERVIEW

On February 1, 2012, California redevelopment agencies were dissolved, and successor agencies were appointed to wind down redevelopment agencies' affairs, including the disposition of real estate owned. California Assembly Bill ("AB") ABx1-26 of 2011 and AB 1484 of 2012 (collectively known as the "Dissolution Act") provide the methods of disposition available to successor agencies subsequent to the preparation and approval of a Long Range Property Management Plan ("LRPMP").

The California Department of Finance approved a final amended version of the City of San Diego ("City") Successor Agency's LRPMP on October 15, 2015. One property included in the approved LRPMP is commonly referred to as the Walker Scott property located at 1014 Fifth Avenue, San Diego, CA 92101 (APN 535-525-05). The property is currently comprised of a ground lease operating retail, commercial, and parking uses. The property has been retained by the City for future development in accordance with its LRPMP.

According to California Health and Safety Code Section 34180, a compensation agreement must be established between the city retaining ownership of a future development site and the other affected taxing entities associated with the former redevelopment area, wherein the affected taxing entities receive payments from the city in proportion to their shares of the base property tax for the value of the property retained by the city for future development. The County of San Diego ("County") is one such affected taxing entity associated with these properties. Today's action requests to approve the compensation agreement between the City and the County, and direct the Clerk of the Board to execute the agreement.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Approve the Compensation Agreement regarding the Walker Scott property retained by the City of San Diego for future development and direct the Clerk of the Board to execute the Compensation Agreement.

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EQUITY IMPACT STATEMENT

The dissolution of redevelopment agencies throughout the State of California has assisted local jurisdictions to better preserve funding for core public services by allowing them to have more decision-making input of the Walker Scott property, retained by the City of San Diego for future development, and will provide the County of San Diego with revenue that can be used toward investments back into the community which includes, but are not limited to, programs and services to help improve the health and public safety of residents.

SUSTAINABILITY IMPACT STATEMENT

Today's proposed action supports the County of San Diego's Sustainability Goal #1 to engage the community. The future redevelopment of Walker Scott property has the potential to become a focal point for the local community by enhancing commercial activity in the area. The project aligns with the County goal of engaging the community by creating spaces that encourage social interaction, local commerce, and community events. By revitalizing this area, the development can help build a stronger sense of community identity and foster active participation from residents in shaping the future of their neighborhood.

FISCAL IMPACT

As part of the terms of the compensation agreement, the allocation of proportional share of revenue would be disbursed to the affected taxing entities on or before June 30th, 2027. If any balance is unpaid and outstanding after June 30, 2027, the unpaid balance will accrue simple interest from and after July 1, 2027, at a rate of four percent per annum until the amount is fully paid. Funds for this request are not included in the Fiscal Year 2025-27 Operational Plan in Finance Other. If approved, this request may result in one-time revenue of \$177,403 in the affected fiscal year, upon successfully meeting terms of the compensation agreement. The estimate is based on the compensation amount allowed by Health and Safety Code 34188, which is calculated using the 2011 appraised value of the property of \$1,150,000, less \$19,000 in appraisal costs multiplied by the County of San Diego's proportional share of the base property tax for the property (approximately 15.69%). The funding source is a payment from the City of San Diego, and would be deposited in the General Fund as General Purpose Revenue. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

California redevelopment agencies were dissolved on February 1, 2012, and successor agencies were appointed by sponsoring agencies to wind down redevelopment affairs, including the disposition of real estate owned. California Assembly Bill ("AB") ABx1-26 of 2011 and AB 1484 of 2012 (collectively known as the "Dissolution Act") provide the methods of disposition available to successor agencies after a Long Range Property Management Plan ("LRPMP") is prepared then approved by the California Department of Finance. Properties of a former redevelopment agency

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may either be: 1) transferred to the sponsoring agency for governmental purposes, 2) sold on the open market in an expeditious manner, aimed at maximizing value, 3) retained in conjunction with an enforceable obligation, or 4) retained for future redevelopment activities by the sponsoring agency (i.e., the city that originally created or sponsored the dissolved redevelopment agency), in conjunction with a compensation agreement, wherein the affected taxing entities receive payments from the sponsoring agency in proportion to their shares of the base property tax for the value of the property retained (Health and Safety Code section 34180(f)(1)).

The amended and restated LRPMP of the City of San Diego's ("City") Successor Agency, approved by the Department of Finance on October 15, 2015, includes one property commonly referred to as the Walker Scott property located at 1014 Fifth Avenue, San Diego, CA 92101 (APN 535-525-05). The property is currently comprised of a ground lease operating retail, commercial, and parking uses. This property has been retained by the City in accordance with the LRPMP within the "future development" category.

The Dissolution Act requires the City to enter into a compensation agreement with the other affected taxing entities for each future development site, specifying the City's payment of compensation to the other affected taxing entities based on the fair market value of the future development site. Accordingly, the City retained the appraisal firm of Hendrick Appraisal Company Inc., who established that \$1,150,000 is the value of the Walker Scott property as of the January 1, 2011 appraisal date of value.

Under Section 2 of the proposed compensation agreement for the property, the City will pay the total compensation amount equal to the appraised value of \$1,150,000, less \$19,000 in appraisal costs, for a net of \$1,131,000 to the County and the other affected taxing entities on or before June 30th, 2027. Under Section 3 of the proposed compensation agreement if any balance is unpaid and outstanding after June 30th, 2027 the unpaid balance will accrue simple interest from and after July 1, 2027 at a rate of four percent per annum until the amount is fully paid. If approved, this request may result in one-time revenue to the County of approximately \$177,403 in the affected fiscal year, upon successfully meeting terms of the compensation agreement. The estimate is based on the compensation amount allowed by Health and Safety Code 34188, which is calculated using the 2011 appraised value of the property of \$1,150,000, less \$19,000 in appraisal costs, multiplied by the County of San Diego's proportional share of the base property tax for the properties (approximately 15.69%).

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LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed action supports the County of San Diego's 2025-2030 Strategic Plan initiative of Sustainability (Economy and Resiliency). This is accomplished by negotiating a fair compensation agreement and providing one-time funding for County programs.

Respectfully submitted,



EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)

Note: Due to the size of the attachments, the documents are available online through the Clerk of the Board's website at www.sandiegocounty.gov/content/sdc/cob/bosa.html.

Attachment A – Compensation Agreement For Property Retained By The City Of San Diego For Future Development (Walker Scott)

Attachment B – Appraisal Report, Hendrickson Appraisal Company Inc., August 2025