

RESOLUTION NUMBER R- 285320

ADOPTED ON FEB 07 1995

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO CERTIFYING THAT THE CITY COUNCIL HAS REVIEWED AND CONSIDERED INFORMATION CONTAINED IN THE MASTER ENVIRONMENTAL IMPACT REPORT FOR THE CENTRE CITY REDEVELOPMENT PROJECT, AND THE SECONDARY STUDY WITH RESPECT TO THE PROPOSED DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO AND ZEIDEN PROPERTIES 2, A CALIFORNIA GENERAL PARTNERSHIP, AND MAKING CERTAIN FINDINGS AND DETERMINATIONS REGARDING ENVIRONMENTAL IMPACTS OF THE DEVELOPMENT PURSUANT THERETO.

WHEREAS, the Redevelopment Agency of The City of San Diego (the "Agency") is engaged in activities necessary to carry out and implement the Redevelopment Plan for the Centre City Redevelopment Project (the "Project"); and

WHEREAS, the Agency has previously prepared, and the Agency by Resolution No. 2081 and the Council of The City of San Diego (the "Council") by Resolution No. R-279875 have certified the Final Master Environmental Impact Report for the Centre City Redevelopment Project (referred to herein as the "MEIR"); and

WHEREAS, the City Council proposes to approve a Disposition and Development Agreement (the "Agreement") between the Agency and Zeiden Properties 2, a California general partnership (the "Developer"), for the sale of certain property in the Project area to the Developer and the rehabilitation of the buildings thereon for retail uses; and

WHEREAS, the sale of the property and the rehabilitation of the buildings pursuant to the provisions of the proposed

Agreement between the Agency and Developer is a redevelopment implementation activity whose environmental impacts are assessed in the MEIR; and

WHEREAS, the Centre City Development Corporation, Inc., acting on behalf of the Agency, has prepared a Secondary Study in accordance with and pursuant to the California Environmental Quality Act of 1970 (CEQA) and State and local regulations and guidelines adopted pursuant thereto, and the Secondary Study assesses the environmental impacts of the sale and rehabilitation of the real property pursuant to the Agreement; and

WHEREAS, the City Council has considered the environmental effects of the proposed development as shown in the MEIR and the Secondary Study; NOW, THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego, as follows:

1. That the Council hereby certifies that the Secondary Study of environmental impacts with respect to the proposed sale and rehabilitation of the real property pursuant to the Agreement has been prepared and completed in compliance with the California Environmental Quality Act of 1970 (CEQA) and State and local regulations and guidelines adopted pursuant thereto and that the Agency has certified thereto.

2. That the Council hereby further certifies that the information contained in the Secondary Study and the MEIR has been reviewed and considered by the members of the City Council.

3. That the Council hereby finds and determines that:

(a) No substantial changes are proposed in the Centre City Redevelopment Project, or with respect to the

circumstances under which the Project is to be undertaken, as a result of the sale and rehabilitation of the real property pursuant to the Agreement, which will require important or major revisions in the MEIR for the Project, due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effect not covered in the MEIR, as described in Section 1 of Attachment A. (attached hereto and incorporated herein by this reference); and

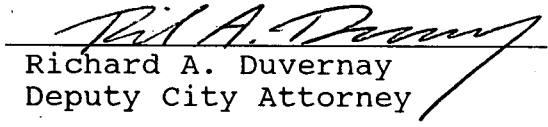
(b) No new information of substantial importance to the Project has become available which was not known or could not have been known with the exercise of reasonable diligence at the time the MEIR for the Project was certified as complete, and which shows that the Project will have one or more significant effects not discussed in the MEIR, or that any significant effects previously examined will be substantially more severe than shown in the MEIR, or that any mitigation measures or alternatives previously found not to be feasible or which were not previously considered or are considerably different from those analyzed in the MEIR, would substantially reduce one or more significant effects of the Project on the environment but the project proponents decline to adopt the mitigation measures or alternatives, as described in Section II of Attachment A; and

(c) No negative declaration, or subsequent environmental impact report, or supplement or addendum to the MEIR is necessary or required, as described in Section III of Attachment A; and

(d) The sale and rehabilitation of the real property pursuant to the Agreement will have no significant effect on the environment, except as identified and considered in the MEIR for the Project, as described in Section IV of Attachment A.

APPROVED: JOHN W. WITT, City Attorney

By


Richard A. Duvernay
Deputy City Attorney

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ATTACHMENT A

I. The following discussion explains the reasons why no substantial changes are proposed in the Centre City Redevelopment Project, or with respect to the circumstances under which the Project is to be undertaken, as a result of the sale and rehabilitation of the real property pursuant to the Agreement, which will require important or major revisions in the MEIR for the Project, due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects not covered in the MEIR:

The Project is encompassed by the Centre City Redevelopment Project and Centre City Community Plan. The environmental review for the Centre City Redevelopment Project and Centre City Community Plan is contained in the MEIR, including a Mitigation Monitoring and Reporting Program.

The MEIR for the Centre City Redevelopment Project addressing the Centre City Community Plan and Related Documents was certified by the Redevelopment Agency and City Council in April 1992. The type and intensity of development assumed in the MEIR analysis include the level of planned development for the project site.

The MEIR recognized that the following existing documents that affect the Gaslamp Quarter Sub Area would remain effective following the adoption of the Centre City Redevelopment Plan, Centre City Community Plan and related documents:

- Gaslamp Quarter Planned District Ordinance
- Gaslamp Quarter Urban Design and Development Manual

The purpose of the MEIR is to provide information which describes and explains the environmental impacts that would result from the approval of the Community Plan and Redevelopment Plan and other related documents. As described in the Mitigation, Monitoring, and Reporting Program, mitigation measures and reasonable alternatives which could eliminate, avoid, or reduce identified environmental impacts were incorporated into the MEIR which was adopted by the Redevelopment Agency in April 1992. The MEIR found that traffic and circulation and air quality would be significantly impacted from redevelopment in the project areas and cannot be mitigated to a level of non-significance.

The MEIR disclosed that the demolition of buildings previously identified as historically significant would constitute a significant adverse impact (p.4. E-16). The MEIR proposed various actions to mitigate this potential impact (p.4. E-22). The Agency (Resolution No. 2081) and the City Council (Resolution No. 279875) found at the time the Project was adopted that certain changes or alterations required in, or incorporated into, the Project would mitigate any impacts to important cultural resources to below a level of significance (Attachment A, Section II.E, of the Resolutions). Such mitigations were also incorporated into the Mitigation, Monitoring and Reporting Program adopted by the Resolutions.

1. Eliminate blight and uses which do not conform to the Gaslamp Quarter Planned District Ordinance;
2. **Enforce exterior building facades* and sign control standards; and
3. Use tax increment funds as a financing tool for low and moderate income housing and other priority projects of a capital improvement nature.

In January 1985, language in the GQPDO Section 103.0403.A was changed to require obtaining a special permit from the Planning Director prior to the application for any other City license or permit. The contents of the application for a special permit were changed, but not in any significant way. The general content still required "adequate plans and specifications for the building and improvements showing *exterior appearance**, the color and texture of materials and *architectural design of the exterior.**"

In February 1992, the City Council approved an Ordinance (O-17738) amending the GQPDO to (a) designate the Executive Vice President of CCDC as the reviewing and permitting authority for GQPDO Special Permits in place of the City Architect and/or Planning Director and (b) establish that the Executive Vice President of CCDC shall be the decisionmaker for the purpose of granting Conditional Use Permits.

When the GQPDO and Urban Design and Development Manual were printed by the City in 1980 and 1985, the City added appendices which included the Secretary of Interior's Standards for Rehabilitation. The document stated the Standards for Rehabilitation shall be used when determining if a rehabilitation project qualifies as "certified rehabilitation" pursuant to the Tax Reform Act of 1976 and the Revenue Act of 1978.

This occurs only where specific rehabilitation projects are subject to review by federal and state officials. These projects are federal tax credit projects, federal review and compliance with Section 106, and federal and state grant programs. For these specific projects, the Standards are applied to interior alterations. Projects which are not within these categories are only subject to the local historic district ordinance, which may or may not require review of interior work. The GQPDO has always been an ordinance which did not require review of interior work. The City Council, through its MEIR for the Project and the related Mitigation Monitoring Reporting Program, has also voluntarily imposed the federal Standards, including for interior work, on a select list of National Register buildings within the Project, as specifically identified in the MEIR.

Such Standards are not imposed by the MEIR on structures contributing to a National Register Historic District, and thus, in this case, neither exterior nor interior work is covered by the federal Standards. To the extent they help give guidance in assessing the preservation of historical integrity under the GQPDO, and in developing the Scope of Development and Basic Concept/ Schematic Drawings under the DDA for the subject buildings, the Agency may refer to the federal Standards as well as other pertinent sources.

*Emphasis Added

types of development and activities expected to occur under the Centre City Community Plan and Redevelopment Plan for the Redevelopment Project and previously analyzed in the MEIR.

D. With respect to Plant Life

The Site and Centre City area are highly urbanized and no unique, rare, endangered, or agricultural species of plant life exist.

The proposed development does not alter the intensity or location of development and activities planned for Centre City and previously analyzed in the MEIR, and therefore, does not impact plant life.

E. With respect to Animal Life

The site and Centre City area are highly urbanized and no species of animal life native to the area are expected to be affected by the proposed development. No animal life will be introduced to the Site as a result of the project.

The proposed development does not alter the general activities, or the intensity or location of development planned for Centre City and previously analyzed in the MEIR, and therefore, does not result in any direct or indirect impacts to animal life.

F. With respect to Noise

The MEIR noise analysis indicates that full development of the Centre City Community Plan and Redevelopment Plan will subject most of the areas in the community to noise levels that exceed the Progress Guide and General Plan noise/land use compatibility criteria for commercial use.

The MEIR also indicates that commercial uses within the project will be exposed to an exterior noise level of 70 dBA CNEL or greater, and are required to have an interior acoustical analysis to ensure that the building design will limit noise to 45 dBA CNEL or less as specified by California Administrative Code Title 24 and the City of San Diego Noise Ordinance. The Mitigation Monitoring and Reporting Program for Z Gallerie states: if required, the developer shall provide the required study by a recognized Acoustical Engineer showing compliance with all applicable noise standards and ordinances.

G. With respect to Light and Glare

The proposed project lies within the urbanized core of the City of San Diego, an area which includes substantial development with associated lighting and reflective surfaces. The incorporation of any new lighting sources will comply with all city codes and ordinances.

The MEIR documents the expected transportation/circulation impacts of full development in Centre City and that analysis is incorporated by reference. The analysis concludes that a 60 percent transit mode split is necessary to avoid significant unmitigable impacts. This project will contribute incrementally to worsening transportation/circulation conditions, but its location in the Gaslamp Quarter is predominantly a pedestrian walking area and the reuse of buildings in the Gaslamp Quarter requires no off-street parking according to the GQPDO. Customers requiring to pick up merchandise at Z Gallerie can access the loading off of Sixth Avenue. The MEIR indicates that transportation/circulation impacts will be reduced by the application of the Centre City Transit Ordinance impact fee (if collected in the future) and actions by the Metropolitan Transit Development Board (MTDB) to achieve a 60 percent transit mode split in Centre City. The MEIR also described street improvements that are necessary to reduce impacts and indicates the associated mitigation monitoring program indicates that consistency with required improvements or acceptable alternative improvements will be determined by the Agency during the design review process.

Site-specific access design will be subject to review and approval by the City Traffic Engineer. All traffic mitigation measures identified in the MEIR will be incorporated into individual projects as development proceeds. However, even with implementation of the identified mitigation measures, significant cumulative traffic impacts will occur and implementation of the proposed development will contribute to the significant cumulative transportation/circulation impacts identified in the MEIR.

N. With respect to Public Services

The MEIR discusses impacts to public services, such as police, fire, schools, courts, jails, health services, social services, senior services, libraries, solid waste, and parks, and concludes that such impacts will be mitigated by funding available to the City of San Diego from Redevelopment Agency repayments and "released" tax increment revenues from Horton Plaza Redevelopment Project, and new sales tax revenues and new transient occupancy tax revenues generated by new development within Centre City.

The proposed development does not alter the factors affecting the demand for public services, such as the general activities, or the intensity or location of development planned for Centre City and previously analyzed in the MEIR.

O. With respect to Energy

The MEIR indicates that full development of the Centre City Community Plan and Redevelopment Plan will create additional demand for electricity and natural gas. Adequate energy facilities are in place to serve development anticipated in the near term and an additional substation will need to be added in the next ten years to serve future development. Natural gas service lines will be added as necessary to serve proposed development. SDG&E reviews project-specific proposals to determine service requirements and charges fees or requires facility upgrades as necessary.

The proposed development does not alter the intensity or location of development planned for the Gaslamp Quarter and previously analyzed in the MEIR, factors which might affect demand for recreational opportunities.

T. With respect to Cultural Resources

No known prehistoric resources will be affected by the project. No religious or sacred uses occur within the Project Site. The MEIR identified the Gaslamp Quarter Sub Area as a District that was listed on the National Register of Historic Places in 1980. As such, contributing structures will be retained onsite and any improvements, renovation, rehabilitation and/or adaptive reuse of the property must ensure its preservation according to the GQPDO. Basic Concept/Schematic Drawings meet the requirements of the GQPDO and are consistent with the MEIR. The Agency is required to enforce the Scope of Development and Basic Concept/Schematic Drawings (and Conditions of Approval thereof) under the DDA, as well as detailed plans as scheduled in the DDA, to assure design and use compliance.

U. With respect to Cumulative Impacts

Cumulative impacts refers to two or more individual effects which, when considered together, are considerable or which compound or increase other environmental impacts (Section 15355 of the State CEQA Guidelines). Cumulative impacts can result from individually minor but collectively significant projects taking place over a period of time.

The MEIR found that downtown currently has one of the highest trip end densities in San Diego County. Implementation of proposed plans would result in a cumulative increase in the amount of trips to and from the Centre City each day. Mitigation of street segment, freeway and freeway ramp impacts requires implementation of a 60 percent peak period transit mode. However, even with this mitigation measure, significant impacts would remain on SR-163 and I-5 and on eight freeway ramps providing access to downtown.

Because the Community and Redevelopment Plans represent greater land use densities, the increased traffic associated with this greater density will likely add to the air pollutant burden in the San Diego Air Basin. Unless the increased traffic projected to occur through implementation of the proposed plans is offset with a decrease of traffic elsewhere in the County, cumulative air emissions from the Plans, other future proposed projects and current existing sources will exceed the assumptions on which the RAQ's are based, thus making compliance with stated and federal air quality standards difficult to achieve.

All air quality measures identified in the MEIR will be incorporated into implementation of the redevelopment projects. However, even with implementation of the identified mitigations, significant air quality impacts associated with CO occurrence on all street segments, ramps, and freeway segments that operate at an LOS of D or below would occur even after traffic mitigations are implemented.

The purchase price is based upon such factors as market conditions, scope of development, cost of development, risks incurred, estimated or actual profit, estimated or actual rates and charges for the facilities to be developed, public purpose and other matters relevant to establishing the fair market value for the uses permitted to be developed.

The total cost of rehabilitation necessary to accommodate retail on all three floors of the McGurck and ground floor retail in the Combination Store is estimated as \$3.4 million.

The Developer proposes to rehabilitate for adaptive reuse the existing McGurck building as a 3-floor retail store, and the adjacent Combination Store for a future retail lease space.

The MEIR and the findings adopted by the City Council and Agency with respect thereto concluded that any potential adverse impacts on a contributing structure within the Gaslamp Quarter Historic District would be mitigated to a level of insignificance if the structure were retained on-site and if the rehabilitation thereof complied with the GQPDO. The basic concept submittals were evaluated against the requirements and objectives of the GQPDO. The GQPDO describes six architectural elements in varying patterns and emphasis that govern the overall structural form and design continuity of the District. These are: scale and proportion, fenestration, materials, color, texture, detail and decorative features.

The proposed project will restore the exterior upper two floors of the McGurck Building including reconstructing the two balconies which were originally on the Fifth Avenue facade. The proposed project complies with the GQPDO as follows:

Section 103.0407 - General Design Regulations:

"Ground floors shall be a minimum of 12 feet in height and separated from the upper floors by a continuous projection band, articulated recess or cornice."

The ground floor of the McGurck/Combination Store is approximately 14 feet in height. Existing cornice and upper banding details will be restored.

Section 103.0407.C - Horizontal Form Criteria:

"A strong horizontal division of major building elements can be seen in the Gaslamp Quarter. Most of the historic buildings are characterized by a delineation of the building base, middle and top."

The proposed project includes the retention and rehabilitation of the building base and the inclusion of new wooden bulkheads 12" to 18" high with a storefront belt which is approximately 16 feet above the sidewalk. The rehabilitation of the middle portion (floors 2 and 3) includes reconstructing the 1887 balconies on the Fifth Avenue facade; and rehabilitation of the building cornice (the top).

within the scope of the historic designation for this building. However, the Board reserved the right to object to the street level exterior facade pending further review of more detailed drawings.

On December 2, 1994 the CCDC Board approved the storefront plans dated October 27, 1994 with the condition that the Executive Vice President could approve refinements to the storefront design. A revised storefront design addressing concerns expressed by the HSB and the PL&U Committee of the Gaslamp Quarter Association has been prepared. The storefront proposal is acceptable with modification to the Fifth Avenue store entrance to more closely replicate the 1887 historical entrance. The modification to the entrance is scheduled to be considered by the HSB as part of the January 25 HSB review and, subsequent to a recommendation by the HSB, will be submitted to the Executive Vice President of CCDC for approval and incorporation into the approved concept drawings. Also considered was the replication of a storefront with six- (6) to twelve- (12) foot articulated bays inset into the front of the building. This storefront treatment existed on the McGurck building until the 1920's when the storefront changed completely removing the bays. In the 1940's the storefronts were altered even further to accommodate tenant needs. Such a design concept was determined to be not feasible or practical for the space needs of Z Gallerie, and the safety and maintenance problems of creating exterior pockets that become an attractive nuisance. This type of exterior treatment has not been required on other Gaslamp projects including those requiring State and National approval for the receipt of tax credits.