

(R-97-1217)

RESOLUTION NUMBER R- 288749

ADOPTED ON JUN 03 1997

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO CERTIFYING THAT THE COUNCIL HAS REVIEWED AND CONSIDERED INFORMATION CONTAINED IN THE MASTER ENVIRONMENTAL IMPACT REPORT FOR THE CENTRE CITY REDEVELOPMENT PROJECT, THE SUPPLEMENT TO THE MASTER ENVIRONMENTAL IMPACT REPORT WITH RESPECT TO THE T.M. COBB WAREHOUSE, AND THE SECONDARY STUDY WITH RESPECT TO THE PROPOSED FIRST AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO AND HARBOR FIFTH ASSOCIATES; 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, in order to determine whether it was feasible or beneficial to save or remove certain historical buildings known as the T.M. Cobb Warehouse in the Project area as an activity

necessary to carry out and implement the Redevelopment Plan, the Agency subsequently prepared, and the Agency by Resolution No. 2266 and the Council by Resolution No. R-282258 have certified the Final Supplement to the Final Master Environmental Impact Report for the Centre City Redevelopment Project for Demolition Permit and Resource Protection Ordinance Permit for the T.M. Cobb Warehouse (referred to herein as the "Supplemental EIR"); and

WHEREAS, the Council proposes to approve a First Amended and Restated Disposition and Development Agreement (the "Agreement") with Harbor Fifth Associates, a California general partnership (the "Developer"), for the sale of certain property in the Project area to the Developer for the construction of a hotel, retail and commercial and/or residential loft development with related parking and landscaping; and

WHEREAS, the sale of the property and the construction of the proposed development thereon pursuant to the provisions of the proposed First Amended and Restated Disposition and Development Agreement between the Agency and Developer is a redevelopment implementation activity whose environmental impacts are assessed in the MEIR, as supplemented by the Supplemental EIR; and

WHEREAS, 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 such Secondary Study assesses the environmental impacts of the sale and development of the real property pursuant to the First Amended and Restated Disposition and Development Agreement; and

WHEREAS, the Council has considered the environmental effects of the proposed development as shown in the MEIR, as supplemented by the Supplemental EIR, 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 development of the real property pursuant to the First Amended and Restated Disposition and Development 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.

2. That the Council hereby further certifies that the information contained in the Secondary Study, the MEIR, and the Supplemental EIR has been reviewed and considered by the members of the 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 development of the real property pursuant to the First Amended and Restated Disposition and Development Agreement, which will require important revisions in the MEIR for the Project, as supplemented by the Supplemental EIR, due to the involvement of new significant environmental impacts not covered in the MEIR, as supplemented by the Supplemental EIR, as described in Section I of Attachment A (attached hereto and incorporated herein by reference); and

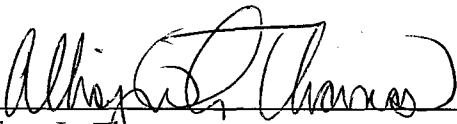
b. No new information of substantial importance to the Project has become available which was not known or could not have been known at the time the MEIR for the Project, as supplemented by the Supplemental EIR, was certified as complete, and which shows that the Project will have any significant effects not discussed previously in the MEIR, as supplemented by the Supplemental EIR, or that any significant effects previously examined will be substantially more severe than shown in the MEIR, as supplemented by the Supplemental EIR, or that any mitigation measures or alternatives previously found not to be feasible or not previously considered, would substantially reduce or lessen any significant effects of the Project on the environment, as described in Section of II of Attachment A; and

c. The sale and development of the real property pursuant to the First Amended and Restated Disposition and Development Agreement will have no significant effect on the environment, except as identified and considered in the MEIR for the Project, as supplemented by the Supplemental EIR, as described in Section III of Attachment A; and

d. The significant environmental effects of the Project, as implemented by the sale and development of the real property pursuant to the First Amended and Restated Disposition and Development Agreement which cannot be avoided, remain acceptable as identified and considered in Resolutions No. 2081 and No. 2266 of the Agency, and Resolutions No. R-279875 and No. R-282258 of the Council, as described in Section IV of Attachment A; and

e. No negative declaration, or subsequent environmental impact report, or supplement or addendum to the MEIR, as supplemented by the Supplemental EIR, is necessary or required.

APPROVED: CASEY GWINN, City Attorney

By   
Allisyn L. Thomas  
Deputy City Attorney

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Or.Dept:CCDC  
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ATTACHMENT A  
TO

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO CERTIFYING THAT THE COUNCIL HAS REVIEWED AND CONSIDERED INFORMATION CONTAINED IN THE MASTER ENVIRONMENTAL IMPACT REPORT FOR THE CENTRE CITY REDEVELOPMENT PROJECT, THE SUPPLEMENT TO THE MASTER ENVIRONMENTAL IMPACT REPORT WITH RESPECT TO THE T.M. COBB WAREHOUSE, AND THE SECONDARY STUDY WITH RESPECT TO THE PROPOSED FIRST AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO AND HARBOR FIFTH ASSOCIATES; AND MAKING CERTAIN FINDINGS AND DETERMINATIONS REGARDING ENVIRONMENTAL IMPACTS OF THE DEVELOPMENT PURSUANT THERETO.

- 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 development of the real property pursuant to the First Amended and Restated Disposition and Development Agreement, which will require important revisions in the MEIR for the Project, as supplemented by the Supplemental EIR, due to the involvement of new significant environmental impacts not covered in the MEIR, as supplemented by the Supplemental EIR:

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. However, the MEIR did not analyze potential cultural resource impacts resulting from the demolition of historic resources in a National Register Historic District. As a result, the Supplemental EIR was prepared to analyze the potential cultural resource impacts resulting from the approval of the Demolition and Resource Protection Permit.

Based on the data and conclusion of the Supplemental EIR, the project would result in significant cultural resource impacts which cannot be fully mitigated. The Redevelopment Agency and City Council approved the Demolition Permit and Resource Protection Permit and issued a "Statement of Overriding Considerations" pursuant to CEQA Guidelines.

The implementation of the activity as contemplated was the redevelopment of the Site by the clearance of the Site, including the removal of the T.M. Cobb Warehouse structures, to improve the environment of the neighborhood and permit the redevelopment of the Site with a use consistent with the Centre City Redevelopment Plan and the Gaslamp Quarter Planned District Ordinance. While the Supplemental EIR contemplated redevelopment based on the clearance of the historic structures, it compared a development involving such clearance with alternatives retaining the warehouse structures, in whole or in part, both leaving them in "as is" condition or rehabilitating them, including the development of the remainder of the Site and, in some cases, with subterranean parking structures under the adjacent Park Area.

Above-grade cultural resources associated with this Site have been addressed in the Supplement to the MEIR for the Demolition Permit and Resource Protection Permit for the T.M. Cobb Warehouse. This document was certified by the Agency and the City Council on June 29, 1993. The Redevelopment Agency's preliminary planning for the Site included an architectural and economic feasibility analysis conducted by City Design and Keyser Marston Associates, included as Appendix B in the Supplemental EIR. The Secondary Study with respect to the First Amended and Restated Disposition and Development Agreement includes an Update of the architectural and economic feasibility analysis conducted by Keyser Marston Associates, included as Attachment A in the Secondary Study. The findings of the Update are comparable to, and consistent with, the conclusions of the 1993 Keyser Marston Associates analysis and the Supplemental EIR.

The proposed development to be constructed pursuant to the First Amended and Restated Disposition and Development Agreement implements the Centre City Community Plan and the Centre City Redevelopment Plan, including the Gaslamp Quarter Sub Area. The development is designed to meet the Gaslamp Quarter Planned District Ordinance (GQPDO). The GQPDO allows for a height of 125 feet on parcels 30,000 square feet or more south of Island and the maximum floor area ratio (FAR) should not exceed 6.0, and building elements greater than 75 feet in height shall observe a setback of 50 feet along Fifth Avenue.

The proposed Bridgeworks development FAR is 4.3, total above-grade development of approximately 205,291 square feet on a site of 47,339 square feet, and the project development reaches a height of 125 feet. The type and intensity of development assumed in the analysis in the MEIR includes the level of development under the First Amended and Restated Disposition and Development Agreement. In fact, the maximum square footage that could be developed on the Site is 284,034, therefore, the level of intensity is 78,743 square feet less than what was assumed in the MEIR.

The Environmental Impact Secondary Study for Bridgeworks evaluates the environmental impacts of the development under the proposed First Amended and Restated Disposition and Development Agreement in the context of the existing environmental documents, the MEIR, and the Supplemental EIR. The type and intensity of development assumed in the analysis in the MEIR includes the level of

development for the proposed project. The MEIR found that traffic and circulation and air quality would be significantly impacted from redevelopment in the overall Centre City Redevelopment Project Area and were the only impacts that could not be mitigated to a level of non-significance. The Supplemental EIR addressed the impacts to cultural resources resulting from the demolition of the historic Cobb Warehouse in a National Register Historic District and found that it would result in significant impacts which cannot be fully mitigated. In both cases, the City Council and the Redevelopment Agency determined that the redevelopment of the Project as contemplated should proceed in that there were important overriding considerations that made the unmitigated impacts acceptable.

- II. The following discussion explains the reasons why no new information of substantial importance to the Project has become available which was not known or could not have been known at the time the MEIR for the Project, as supplemented by the Supplemental EIR, was certified as complete, and which shows that the Project will have any significant effects not discussed previously in the MEIR, as supplemented by the Supplemental EIR, or that any significant effects previously examined will be substantially more severe than shown in the MEIR, as supplemented by the Supplemental EIR, or that any mitigation measures or alternatives previously found not to be feasible or not previously considered would substantially reduce or lessen any significant effects of the Project on the environment.

The MEIR contains a mitigation program for cultural resources which is designed to preserve significant historic resources. The following mitigation would apply to the T.M. Cobb Warehouse which is a contributing resource in the Gaslamp Quarter National Register: "Structures listed on the National Register of Historic Places and structures identified as contributing structures within a National Register Historic District shall be retained on site and any improvements, renovation, rehabilitation and/or adaptive reuse of the historic property shall ensure its preservation according to applicable guidelines."

Because the MEIR did not analyze potential cultural resource impacts resulting from the demolition of historic resources in the National Register Historic District, a Supplemental EIR was prepared to evaluate the environmental effects of the demolition of the T.M. Cobb Warehouse following approval of a Gaslamp Quarter Planned District Ordinance Permit for Demolition and a Resource Protection Permit. The Supplemental EIR found the development would result in significant cultural resource impacts which cannot be fully mitigated.

Implementation of the measures outlined below and contained in the application for a Demolition and Resource Protection Permit will reduce the impacts to cultural resources, however, not to a level of insignificance.

Historic American Buildings Survey - An Historic American Buildings Survey (HABS) shall be prepared prior to demolition. The HABS documentation shall be performed pursuant to the direction of the National Park Service Regional Office, the agency



responsible for determining the appropriate documentation level for mitigation documentation projects. The HABS documentation shall be sent to the National Park Service HABS office, the San Diego Historical Society, the California Room of the Public Library, and the San Diego Historical Site Board.

Photographic Exhibit - A photographic exhibit shall be prepared prior to the issuance of the Permit for Demolition and Resource Protection Permit. The exhibit shall contain photographs and a historical narrative about the warehouse buildings and shall be permanently displayed in a public area of any new development on the project site.

On June 29, 1993, the Redevelopment Agency directed Centre City Development Corporation (CCDC) staff and the Developer to continue to explore the feasibility of retention of the facade of the southerly-most T.M. Cobb Warehouse structure only, with a minimal set-back of new development to mitigate added costs to redevelopment of the Site. If such facade cannot be retained due to the deterioration of the brick, staff and Developer are requested to explore replication of the facade with a minimal set-back of new development to mitigate added costs to redevelopment of the Site. The appropriateness of this facade retention/reconstruction was to be determined at the time Basic Concept/Schematic Drawings were submitted in conjunction with the DDA for the redevelopment of the Site. The Agency also directed CCDC staff and the Developer to incorporate into the Fifth Avenue streetwall of the new development the character of the existing structures through design elements or motifs; examples of such elements or motifs include symmetrical facades with roof-line parapets.

The submitted Basic Concept Drawings include three alternatives that show how the southerly-most T.M. Cobb Warehouse facade could be incorporated into the Fifth Avenue streetwall. In Alternative One, the facade is retained in place subject to further investigation of the existing condition of the brick. In Alternative Two, the facade is replicated and located at the original building location. In Alternative Three, the historic facade is replicated and located approximately 15 feet south of its original building location. In all three alternatives, the new development is shown angled back approximately four feet to reveal the historic facade of the south Cobb building. The Developer will hire a consultant who specializes in historic structures to investigate the existing condition of the facade and recommend an appropriate solution to be determined by Centre City Development Corporation (on behalf of the Redevelopment Agency) at the time the Schematic Drawings are submitted to the Agency.

The design of the Fifth Avenue streetwall of the new development incorporates the design elements as required in Resolution No. 2259, adopted in June 1993 by the Agency, such as graduated and decorative pilasters and horizontal decorative bands.

The City Council, in approving the Resource Protection Permit, stipulated that the demolition of the two warehouse structures would not occur until the Redevelopment

Agency has approved the new development for the Site, financing has been obtained for the development, and the Site has been conveyed to the Developer.

Keyser Marston Associates' (KMA's) analysis (included in the Supplemental EIR) of the four conceptual development alternatives for the Site which includes retention and rehabilitation of the two T.M. Cobb Warehouse structures and new development of the remainder of the Site (the only development alternatives not found to have a significant impact to cultural resources) would result in a residual land value to the Agency of approximately \$1 million or less, while the acquisition price of the property was \$3.6 million.

As part of the analysis in the Supplemental EIR to assess the feasibility and the desirability of redevelopment involving clearance of the T.M. Cobb Warehouse structures, four development concepts for the Site were considered involving such clearance. Those development concepts included the following.

- (1) Forty-four dwelling units with one level of subterranean parking on-site;
- (2) One hundred ten dwelling units with two levels of subterranean parking on-site;
- (3) One hundred thirty-eight dwelling units with two levels of subterranean parking on site with one subterranean level extending westerly under Fourth Avenue; and
- (4) One hundred seventy-five dwelling units with two levels of subterranean parking on-site with one subterranean level extending westerly under Fourth Avenue and the adjacent linear park.

In connection with considering whether the T.M. Cobb Warehouse structures should be retained either in whole or in part, the Supplemental EIR analyzed several alternatives. The "No Project" alternative analyzed the possibility of leaving the warehouse structures in place in their existing condition. The Supplemental EIR also analyzed four alternatives, leaving the two warehouse structures in place and rehabilitating them with complementary development on the remainder of the Site. The four alternative concepts included the following:

- (1) Mostly retail use, with two dwelling units and one level of subterranean parking on-site;
- (2) Forty-three dwelling units with two levels of subterranean parking on-site;
- (3) Sixty-eight dwelling units with two levels of subterranean parking on site with one subterranean level extending westerly under Fourth Avenue; and

- (4) One hundred and four dwelling units with two levels of subterranean parking on site with one subterranean level extending westerly under Fourth Avenue and the adjacent linear park.

The Secondary Study with respect to the proposed First Amended and Restated Disposition and Development Agreement includes an Update of the KMA analysis included in the Supplemental EIR. The development concepts included in the Update are:

- (1) The proposed 253-room hotel, 32,000 sq.ft. of retail, and 21,400 sq.ft. of commercial and/or residential loft development contained in the First Amended and Restated Disposition and Development Agreement encompassing the full Site, which would involve demolition of the T.M. Cobb Warehouse structures; and
- (2) An alternative development retaining and rehabilitating the T.M. Cobb Warehouse structures as 10,000 sq.ft. of retail, a 172-room hotel, 16,500 sq.ft. of new construction retail, and 15,000 sq.ft. of commercial and/or residential loft development on the Site. The KMA Update determined that the retention and rehabilitation of the two T.M. Cobb Warehouse structures and new development of the remainder of the Site with land uses which are proposed in the First Amended and Restated Disposition and Development Agreement would result in a residual land value to the Agency of approximately \$83,000, while the acquisition prices of the Site was more than \$3.6 million.

The Supplemental EIR also included the following alternatives of warehouse relocation and facade retention:

Under the "Warehouse Relocation" alternative, the T.M. Cobb Warehouse will be relocated to another site outside of the Gaslamp Quarter. Since moving the T.M. Cobb Warehouse intact is physically infeasible, relocation could be achieved by dismantling and reconstructing the structures at a new location in accordance with modern building codes. Salvageable brick from the original warehouse structures would be used as a veneer over new reinforced masonry walls.

Relocation of the T.M. Cobb Warehouse would not preserve their historic value, and significant impacts related to cultural resources would occur. The warehouse structures are remnants of the former warehouse district that supported the past commercial wharf activity at the foot of Fifth Avenue during the late 1800s and early 1900s. The significance of the warehouse structure is primarily based upon their contribution to the historical value of the Gaslamp Quarter. If the structures are located outside the Gaslamp Quarter, their contribution to the Gaslamp Quarter would be lost, and the associated impact to historic resources would be significant.

Under the "Facade Retention" alternative, the eastern and northern facades of the T.M. Cobb Warehouse would be retained and incorporated into the new development project. The remainder of the warehouse would be demolished. The north wall leans six to eight inches away from the building and is only held in place by the roof trusses. The southern portion of the east wall is completely open except for four slender masonry piers and has little resistance to lateral forces. There is extensive evidence of deterioration of the masonry mortar throughout the buildings. A structural engineering study concluded that the eastern masonry facade could be retained if it were upgraded to comply with seismic retrofit requirements including repointing, bracing, and anchoring. The northern masonry facade, however, would most likely require reconstruction. Based on the survey results, it is feasible to repair and brace the eastern facade in front of the new development and brace the northern wall with new structural backing and the foot installation of new footing. While this alternative may preserve some of the historic value of the T.M. Cobb Warehouse, the resulting impacts to cultural resources would still be significant.

No new information has become available during the process of formulating and negotiating the development under the proposed First Amended and Restated Disposition and Development Agreement, which would add to the analysis of the full range of mitigation measures and alternatives already considered in the Supplemental EIR and confirmed by KMA's Update included in the Secondary Study as Attachment A.

- III. The following discussion explains the reasons why the sale and development of the real property pursuant to the First Amended and Restated Disposition and Development Agreement will have no significant effect on the environment, except as identified and considered in the MEIR, as supplemented by the Supplemental EIR, for the Project:

A. With respect to Earth (geologic) Resources

The construction of the development will require excavation for foundations and below-grade parking. No unique geologic structures or surface relief features exist on the Site, and the overall surface area is flat. The natural topography of the Site has been altered over time by grading, excavating, and filling.

The proposed development is not expected to affect deposition or erosion of beach sand or soils, but may result in short-term increases in wind or water erosion of soils. The Rose Canyon fault lies within the project vicinity, although the exact location of fault traces are difficult to identify in this highly urbanized area. As indicated in the MEIR, the development will be required to conduct Site-specific geotechnical investigations to support seismic and structural design, consistent with standard City requirements and the Uniform Building Code.

B. With respect to Air Resources

The types of uses and structures proposed for the Site do not generally create objectionable odors or alter climate. As described in the MEIR, the excavation for utility access and underground parking, the preparation of foundations and building assembly will create temporary emissions of dust, fumes, equipment exhaust, and other air contaminants during development of the Site. The MEIR concludes that potential significant construction impacts associated with dust emissions are mitigable by implementation of standard construction dust control practices. No potentially significant regional air quality impacts are anticipated as a result of construction of the proposed development.

Vehicular traffic generated by the proposed development will contribute incrementally to the cumulative air emissions associated with development in Centre City and the emissions analysis included in the MEIR is incorporated by reference. The MEIR concluded that air quality impacts for development based on the Centre City Community Plan and Redevelopment Plan are significant and not fully mitigable. The incremental development represented by the proposed development will add to the impacts but the total intensity of development is less than that analyzed in the MEIR.

C. With respect to Water Resources

The MEIR indicates that Centre City is currently serviced by a storm water drainage system composed of gutters and subsurface conduits and no major flooding hazards exist in the area. Although the project will add impervious surface to the Site, the area is highly urbanized and served by an adequate storm water drainage system. San Diego Bay is the major surface water resource in the area. Storm water runoff entering the Bay is regulated by the Federal National Pollution Discharge Elimination System (NPDES) permit process, and this project is subject to the NPDES water quality requirements.

Soil/groundwater contamination in portions of the Centre City Project Area has occurred as a result of existing and previous industrial uses. According to the First Amended and Restated Disposition and Development Agreement, if subsurface contamination is encountered on the Site, the Developer will remove, cause to be removed (at its own cost and expense), and/or otherwise remedy, as provided by law and implementing rules and regulation and as required by appropriate governmental authorities, any contaminated or hazardous soil and/or water conditions on the Site.

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. Plant life may be introduced into the area

in the form of ornamental landscaping to accent to the proposed development, but this introduction will not affect any species native to the area.

E. With respect to Animal Life

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

F. With respect to Noise

The MEIR includes projects of future noise levels based on full development of the Centre City Community Plan, including implementation of Bridgeworks. The existing noise level at the Site is approximately 65 dBA CNEL. 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.

Compliance with the Noise Ordinance and Noise Insulation Standards shall also extend to parking facilities, utilitarian service areas, and other similar operations. The Developer shall provide evidence of compliance with the Noise Ordinance at Final Construction Drawings.

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 high-rise development with associated lighting and reflective surfaces. Although the project will incrementally add to the existing sources of light and glare within the area, the proposed project is subject to a design review process which will ensure that appropriate design measures are included to mitigate night lighting impacts. The MEIR indicates that a lighting plan is required for all new projects, and that all lighting sources must be directed downward or shielded to confine light and glare within the project boundaries. The incorporation of any new lighting sources will comply with all City codes and ordinances.

H. With respect to Land Use

The proposed development and uses are consistent with land uses for the Site envisioned in the Centre City Community Plan and Redevelopment Plan and the GQPDO.

The GQPDO allows a maximum building height limit of 75 feet at the discretion of the Centre City Development Corporation (CCDC) President with review and comment by the Historical Site Board prior to CCDC action. However, on parcels 30,000 square feet or more south of Island, the City Council may grant an additional height exception up to 125 feet provided that the maximum floor-area-ratio (FAR) shall not exceed

6.0, and building elements greater than 75 feet in height shall observe a setback of 50 feet along Fifth Avenue. The proposed development has a FAR of 4.3. The 125-foot hotel building is setback approximately 90 feet from Fifth Avenue and the 10-foot square, 75-foot high elevator tower which is connected to the Fifth Avenue building is setback approximately 56 feet. The 125-foot hotel building requires City Council approval.

I. With respect to Natural Resources

Construction of the proposed development will require the use of some renewable and nonrenewable resources. The use of the nonrenewable resources such as gravel, iron ore, oil, and energy resources for redevelopment of the Site will contribute to the further depletion of these resources. Although the resources will be consumed during construction, the redevelopment of the Site will provide a more productive utilization of the land area. The development will not substantially deplete any nonrenewable natural resources; therefore, the proposed development's impact on natural resources is not considered potentially significant.

J. With respect to Risk of Upset

The proposed development is a mixed-use hotel, retail, and commercial and/or residential loft development. The development will not create any health hazards. With respect to potential exposure to any soil or groundwater contamination, the discussion under Item 3 indicates if subsurface contamination is encountered on the development Site, the Developer will be required to prepare and implement any necessary Site-safety and clean-up remediation plans in compliance with any applicable state and local regulations.

K. With respect to Population

The proposed development consists of hotel, retail, restaurant, commercial and/or residential loft, and other similar types of uses. This mixture of uses will encourage an increase in the residential and employment population of the area. This is consistent with and implements the Centre City Community Plan and Redevelopment Plan goals for the Gaslamp Quarter Sub Area. The MEIR indicates that planned population growth with its associated environmental effects and required mitigation to reduce such effects can be accommodated within the Centre City area.

L. With respect to Housing

The proposed development may contain residential units within the 21,400 sq.ft. loft portion of the development. The proposed development will not involve the demolition of any existing housing units. The absence of any demolition of housing results in no significant housing-related impact associated with the development.

M. With respect to Transportation/Circulation

With the proposed development of approximately 253 hotel rooms, 32,000 sq.ft. of retail, and 21,400 sq.ft. of commercial and/residential loft space, additional vehicular traffic and demand for parking will be generated. Parking will be provided for approximately 140-148 cars in a below-grade parking structure. Entrance and exit to the parking garage will be located off of "K" Street.

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% transit mode split is necessary to avoid significant unmitigable impacts. 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% transit mode split in Centre City.

All traffic mitigation measures identified in the MEIR will be incorporated into the project. 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

Police services to the Site are provided by the Central Area Station of the San Diego Police Department located at 1401 Broadway in Centre City East. The MEIR indicates that there are approximately 2.3 sworn officers per 1,000 residents in Centre City, somewhat higher than the typical nationwide urban standard ratio of 2.0 sworn officers per 1,000 residents. The level of demand for police services may increase as future development occurs within Centre City, but physical improvement of the area and additional tax revenues associated with public and private development may also reduce the potential for crime and provide revenue for service expansion.

Fire protection is currently provided by the City of San Diego Fire Department. Although many of the six surrounding stations could respond to an emergency, the station at Eighth Avenue and "J" Street is the nearest to the development. The MEIR indicates that existing fire protection services are adequate to serve Centre City. Future level of service is based on the ability to maintain adequate response times of six minutes or less, and improvements associated with public and private development projects in the Centre City area are expected to reduce fire risks and maintain adequate response times.

The MEIR indicates the level of demand for fire protection services may increase as future development occurs within Centre City, but physical improvement of the area and additional tax revenues associated with public and private development may also reduce the potential for fire risk and provide revenue for service expansion.



The MEIR discusses impacts to other public services, such as 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.

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 First Amended and Restated Disposition and Development Agreement requires the design of the improvements to include, where feasible, energy conservation, construction techniques, and design, including co-generation facilities, and active and passive solar energy design. The Developer is required to demonstrate consideration of such energy features during the review of the 50% Complete Construction Drawings.

P. With respect to Utilities

The MEIR discusses impacts to utilities, such as water, sewage, storm drainage, and communication systems, and solid waste disposal; the document concludes that such impacts will be mitigated by: a) funding available to the City of San Diego from Redevelopment Agency repayments and "released" tax increment revenues from Horton Plaza Redevelopment Project; b) new sales tax revenues and new transient occupancy tax revenues generated by new development within Centre City; and c) user fees and installation charges associated with extending utility services to proposed development.

According to the First Amended and Restated Disposition and Development Agreement, the Developer will be responsible for the connection of on-site sewer, water, and storm drain systems from the development to City utilities located within the public right-of-way. The Developer will also upgrade all nonfranchise City utilities as required by the Water Utilities and City Engineering Departments as necessary to serve the proposed development. The Developer is also responsible for the installation or relocation of franchise utility connections.

Q. With respect to Human Health

The proposed development is not expected to create any hazards to human health. Buildings and improvements will be designed to meet all current federal, state, and local safety requirements.

Contamination to groundwater has occurred within the Centre City area. Contamination is generally associated with existing and earlier industrial operations and some sites containing soils and groundwater contaminations (such as petroleum, heavy metals, and other contaminants) have been identified. The MEIR requires that any subsurface contamination encountered during Site development will require remediation to comply with federal, state, and local regulations.

With respect to potential exposure to soil and groundwater contamination, if subsurface contamination is encountered on the Site, the Developer will be required to prepare and implement any necessary site safety and cleanup remediation plans in compliance with the applicable state and local regulations.

R. With respect to Aesthetics

The MEIR describes the Centre City Community Plan, the Gaslamp Quarter Planned District Ordinance (GQPDO), the Centre City Planned District Ordinance, and the Centre City Streetscape Manual and other related documents as the regulatory plans controlling urban design issues within Centre City.

The proposed development is governed by the GQPDO and the Site has a maximum floor area ratio of 6.0 and a maximum building height of 125 feet. The development is proposed to have a FAR of approximately 4.3, a building height of approximately 65 feet along Fifth Avenue with a clerestory penthouse that rises to 75 feet, the height of the hotel tower along Fourth Avenue of 125 feet, the hotel observing a setback from Fifth Avenue of approximately 90 feet, and the 75 foot elevator tower observing a setback from Fifth Avenue of 56 feet. The design criteria in the GQPDO, including project specific conditions of approval, will be used as a basis for evaluating the development through all stages of the design review process.

S. With respect to Recreation

According to the First Amended and Restated Disposition and Development Agreement, the Park Area adjacent to the Site will be designed by the Developer. The agency will direct the preparation of the construction documents and review and approve the design for the Park Area. The Agency will also construct the park improvements. The Park Area will be maintained by the Developer for no less than 30 years pursuant to a Landscape Maintenance Agreement with the City of San Diego.

The MEIR discusses impacts to parks and recreations, 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 development has the potential to increase the demand for recreational services by encouraging an increase in the employment and residential population in the area; however, additional tax revenues resulting from the development will be used to off-set additional demand.

T. With respect to Cultural Resources

In connection with their decision to remove the historic warehouse structures, the Agency and City Council approved several mitigation measures. At the June 29, 1993 meeting, the Agency:

- Directed Centre City Development Corporation (CCDC) staff and the Developer to continue to explore the feasibility of retention of the facade of the southerly-most T.M. Cobb Warehouse structure only, with a minimal set-back of new development to mitigate added costs to redevelopment of the Site. If such facade cannot be retained due to the deterioration of the brick, staff and Developer are requested to explore replication of the facade with a minimal set-back of new development to mitigate added costs to redevelopment of the Site. The appropriateness of this facade retention/reconstruction would be determined at the time Basic Concept/Schematic Drawings were submitted for the redevelopment of the Site.
- Directed CCDC staff and the Developer to incorporate into the Fifth Avenue streetwall of the new development the character of the existing structures through design elements or motifs; examples of such elements or motifs include symmetrical facades with roof line parapets, graduated and decorative pilasters, and horizontal decorative bands.

The City Council, in approving the Resource Protection Permit, stipulated that the demolition of the two warehouse structures would not occur until the Redevelopment Agency has approved the new development for the Site, financing has been obtained for the development, and the Site has been conveyed to the Developer.

In addition, applications for the Resource Protection Permit and Demolition Permit specify that:

1. Once the permits are granted, the two Cobb Warehouse structures are to be stabilized and maintained until their later demolition as provided below. The Site shall be maintained in a clean, safe, and secure condition.
2. The GQPDO Permit contains a condition that design elements or motifs of the former warehouse structures be incorporated into any new development

of the Site in the future, to the extent determined feasible by the Redevelopment Agency. Examples of such design elements or motifs include symmetrical facades with roof line parapets, graduated and decorative pilaster, horizontal decorative bands, evenly spaced semi-circular arches, and decorative arch surrounds.

3. The GQPDO Permit for Demolition of the warehouse structures also contains a condition requiring photographic documentation of the exterior and interior and "as built" drawings of the two structures according to the standards of the Historic American Buildings Survey (HABS). The HABS shall be provided to the Redevelopment Agency, the Historical Site Board, and other appropriate recipients prior to issuance of the Demolition Permit.
4. The GQPDO Permit for Demolition of the two warehouses shall contain a condition requiring the preparation of a photographic exhibit. The exhibit shall contain photographs and a historical narrative about the warehouse buildings and will be permanently displayed in a public area of any on-site new development.
5. Once issued, the GQPDO Permit for Demolition and the Resource Protection Permit will be binding on all parties and their successors in interest and remain in effect or be extended in accordance with standard City of San Diego practices.

The Supplemental EIR addressed the impacts to cultural resources resulting from demolition of historic resources in a National Register Historic District and found that it would result in significant impacts which cannot be fully mitigated.

The development proposed under the First Amended and Restated Disposition and Development Agreement would require the clearance and the redevelopment of the entire Site. This fact is recognized in the MEIR, as supplemented by the Supplemental EIR. The First Amended and Restated Disposition and Development Agreement is subject to and/or imposed requirements for the implementation of the development thereunder which includes the above-described mitigation measures. The above mitigation measures would reduce the adverse impact of removing the historic warehouse structures, but would not reduce it to a level of insignificance.

- IV. The following discussion explains the reasons why the significant environmental effects of the Project, as implemented by the sale and development of the real property pursuant to the First Amended and Restated Disposition and Development Agreement, which cannot be avoided, remain acceptable as identified and considered in Resolutions No. 2081 and 2266 of the Agency, and Resolutions No. 279875 and 282258 of the City Council:

- A. The significant unavoidable air quality, traffic/circulation, and cultural resource impacts are offset by the benefits of implementing the redevelopment which

provides for the synergistic mix of land uses that may reduce the number and length of regional trips as well as the number of trips made into downtown.

- B. The significant unavoidable air quality, traffic/circulation, and cultural resource impacts are offset by redevelopment of the Site under the First Amended and Restated Disposition and Development Agreement which would eliminate blight and encourage development of new buildings and businesses which conform to the land use goals stated in the Gaslamp Quarter Planned District Ordinance and the Centre City Community Plan. Such development would contribute to revitalizing the commercial and residential activity in the Gaslamp Quarter and the Centre City at large. The vacated warehouse is associated with increasing public safety hazards and aesthetic deterioration. These conditions affect adjacent development in the Gaslamp Quarter. Demolition of the two warehouse structures as contemplated by the proposed First Amended and Restated Disposition and Development Agreement will eliminate the hazards and visual degradation.
- C. The Supplemental EIR evaluated the residual land value of the subject Site under four development concepts, assuming the removal of the T.M. Cobb Warehouse structures and four alternative development scenarios assuming retention of those structures. KMA's analysis concluded that development schemes which removed the T.M. Cobb Warehouse structures supported land values ranging from \$277,000 to \$5.1 million, depending on the intensity of development. An Update of the KMA analysis included as Attachment A to the Secondary Study concluded that development as contemplated by the First Amended and Restated Disposition and Development Agreement, which would require the removal of the T.M. Cobb Warehouse structures, would support a land value of \$3.7 million. The KMA analysis included in the Supplemental EIR concluded that development schemes which retained and rehabilitated the T.M. Cobb Warehouse structures supported land values ranging from negative \$1.8 million to positive \$1.0 million. The KMA Update included in the Secondary Study concluded that development as contemplated by the First Amended and Restated Disposition and Development Agreement, but with the T.M. Cobb Warehouse retained and rehabilitated and the new construction opportunities thereby constrained, supported a land value of \$83,000. The KMA Update is comparable to, and consistent with, the conclusions of the 1993 KMA analysis and the Supplemental EIR. Based on KMA's analysis and the supplemental EIR, the Agency (Resolution #2266) and the City Council (Resolution #282258) determined that the development schemes in which the T.M. Cobb Warehouse structures are demolished would generate higher residual land values than the development schemes where the warehouse structures are maintained.

KMA, in connection with its financial reuse analysis of the proposed First Amended and Restated Disposition and Development Agreement, has concluded that the present value of the total price to be paid by the Developer

for the subject Site under the First Amended and Restated Disposition and Development Agreement, is equal to approximately \$4,212,559, or about \$89 per square foot of land. This amount of purchase price (and related consideration) will allow the Agency to recover its \$4,079,274 acquisition costs for the Site.

The development scheme under the proposed First Amended and Restated Disposition and Development Agreement, is a refinement of the conceptual plans analyzed by KMA in the Supplemental EIR. To determine whether the conclusions reached by KMA in the analysis in the Supplemental EIR with respect to the feasibility of retaining the T.M. Cobb Warehouses on-site remained the same even with the change in land uses and the size of the below-grade parking structure proposed by the First Amended and Restated Disposition and Development Agreement, KMA updated its analysis (included as Attachment A in the Secondary Study). Consistent with KMA's analysis in the Supplemental EIR, the Update analysis prepared by KMA for the development under the First Amended and Restated Disposition and Development Agreement, confirms that retention and rehabilitation of the T.M. Cobb Warehouse structures and the development of the remainder of the Site with hotel, retail and commercial and/or residential lofts would result in a residual land value to the Agency of \$83,000, much less than if the warehouse structures are cleared as contemplated under the proposed First Amended and Restated Disposition and Development Agreement. This confirms that it is not feasible to meet the Agency's fiscal requirements if the warehouse structures are retained.

- D. The significant unavoidable cultural resource impact would be offset by the existence of three additional structures in the Gaslamp Quarter which are associated with the architect Will Hebbard: the National City and Otay Railroad Depot; the McKenzie, Flint and Winsby Building; and the Dunham Building. The McKenzie, Flint and Winsby Building, which presently houses the Old Spaghetti Factory, originally contained industrial uses which are similar to the original uses of the Cobb Warehouse. These structures would continue to demonstrate Will Hebbard's early architectural design work for non-residential structures in the Gaslamp Quarter once the T.M. Cobb Warehouse was demolished.

The benefits described above confirm that the removal of the T.M. Cobb Warehouse structures pursuant to the First Amended and Restated Disposition and Development Agreement, and the redevelopment of the Site pursuant to the First Amended and Restated Disposition and Development Agreement, are acceptable.