



REPORT NO.: CCDC-10-16

DATE ISSUED: July 21, 2010

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of July 27, 2010

ORIGINATING DEPT.: Centre City Development Corporation

SUBJECT: East Village/City Heights Building Demolition (1335 Market Street, 753 and 771 13th Street, 4332 University Avenue, and 725 and 735 13th Street ("Project") – Approval of Increase in the Centre City Authorized Amount for Demolition of Buildings – East Village Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project Area.

COUNCIL DISTRICT: Two

REFERENCE: None

STAFF CONTACT: Susan C. Diekman, Assistant Project Manager, (619) 533-7142

REQUESTED ACTION:

That the Redevelopment Agency of the City of San Diego ("Agency") approves an increase in the Centre City authorized amount by \$60,732 with Miller Environmental, Inc. ("Miller"), for a total Centre City authorized expenditure amount of \$204,732, for the demolition of five Agency-owned buildings located at 1335 Market Street, 753 and 771 13th Street, and 725 and 735 13th Street ("Project") in the East Village Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project Area.

STAFF RECOMMENDATION:

That the Agency approves an increase in the Centre City authorized amount by \$60,732 with Miller, for a total Centre City authorized expenditure amount of \$204,732, for the Project located in the East Village Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project Area.

SUMMARY:

In September of 2008, staff of the Centre City Development Corporation ("Corporation") and staff of the City Redevelopment Division who manage the City Heights Redevelopment Project joined together to competitively bid and demolish four Agency-owned structures under the same demolition/construction contract. Three of the structures were located in the East Village Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project Area and one of the structures was located in the City Heights Redevelopment Project Area. The established budget for demolition of the three buildings located in the Centre City Redevelopment Project Area was \$144,000 payable from the Centre City Redevelopment Project. The established budget for demolition of the one building located in the City Heights

Redevelopment Project Area was \$84,000 payable from the City Heights Redevelopment Project. Thus, the total cumulative expenditure approved by the Agency for the original project was not to exceed \$228,000 pursuant to Agency Resolution No. R-04324 and Resolution No. R-04323, with dates of final passage on September 23, 2008.

The Agency opened bids on January 8, 2009 and Miller Environmental, Inc. ("Miller") was awarded the contract for demolition of the four buildings for a total contract amount of \$127,946. In the fall of 2009, Change Order Number One ("CO No. 1") for \$100,054 was approved to include demolition of two additional buildings located at 725 and 735 13th Street in the East Village Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project Area and to include additional work in connection with demolition of the one building located in the City Heights Redevelopment Project Area. The Corporation is seeking Agency approval to increase the Centre City authorized amount by \$60,732, for a total Centre City authorized expenditure amount from \$144,000 to \$204,732 for the demolition of all five buildings located in the Centre City Redevelopment Project Area. Although the Centre City authorized amount increases by \$60,732, for a total Centre City authorized expenditure amount of \$204,732, the total overall budget for the original project authorized amount remains at \$228,000.

FISCAL CONSIDERATIONS:

Agency funds in the amount of \$60,732 are available in the Fiscal Year 2010 Park and Open-Space Line Item.

CENTRE CITY DEVELOPMENT CORPORATION RECOMMENDATION:

On April 28, 2010, the Audit Committee (Kilkenny, Oncina, Relyea and Smith) and the Centre City Development Corporation Board (Kilkenny, Maas, Oncina, Relyea and Shaw) voted unanimously to approve the staff recommendation.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

In late summer of 2009, Corporation staff began receiving calls from businesses and the East Village Association (EVA) indicating that a number of illegal activities were occurring around the perimeter of two vacant buildings located at 725 and 735 13th Street between F and G Streets, the site of the proposed East Village Green West Park and adjacent to the two buildings recently demolished in June 2009. The Corporation responded by having an as-needed mobile security patrol firm patrol the perimeter of the two buildings. Although the mobile security patrol did alleviate some of the activities, there was still a presence of illegal activities. The business across the street and the EVA requested that the buildings be demolished as soon as possible.

BACKGROUND

The proposed Project advances the Visions and Goals of the Centre City Community Plan and the Objectives of the Centre City Redevelopment Project by:

- Eliminating blighting conditions in the East Village District by demolishing vacant Agency-owned buildings; and
- Removing public-safety hazards of potentially unstable buildings owned by the Agency.

In 2008, Corporation staff was approached by staff members of the City Redevelopment Division who manage the City Heights Redevelopment Project Area to provide assistance with demolition of an Agency-owned site in City Heights already approved for a mixed-use development. An economy of scale for budget and schedule could be realized by demolishing all four Agency buildings under the same contract. As a result, the Corporation agreed to take the lead on the project and provide project management oversight during demolition activities.

On September 16, 2008, the Agency and the City Council of the City of San Diego approved all necessary actions for the demolition of three vacant Agency-owned unreinforced masonry buildings in the East Village. Two of the buildings were located at 753 and 771 13th Street and were purchased for the proposed East Village Green West Park site and a third building was located at 1335 Market Street. The fourth building was an Agency-owned building at 4332 University Avenue in City Heights. The established budget of the demolition of the three East Village buildings was \$144,000 payable from Centre City funds and \$84,000 payable from City Heights funds, for a total original project budget of \$228,000.

On January 8, 2009, bids were opened for the East Village/City Heights Building Demolition project. Miller was awarded the contract for \$127,946 to perform all tasks associated with the demolition of the four buildings. The majority of work for all four buildings was completed in June 2009.

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Due to the need for a change order for the above-described work and the number of complaints from local businesses around the 13th and G Streets site and the EVA, staff proposed that the two remaining vacant buildings located on 13th Street be demolished through a change order process.

An agreed upon price for the additional scope of work was reached with Miller for a total increased contract amount of \$100,054 (\$2,768 for the City Heights additional work and \$97,286 for the two new East Village buildings). The total contract amount for the original project was \$228,000 and the total encumbered and authorized amount for this Project by the Agency was \$228,000. On September 19, 2009, the Corporation's Audit Committee reviewed and approved CO No. 1 for the additional work and it was disclosed to the Board that day.

EQUAL OPPORTUNITY

This agreement is subject to the City’s Equal Opportunity Contracting (San Diego Ordinance No. 1873, Section 22.2701 through 22.2708) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517)

DISCUSSION

Project Description – The Project consists of including the demolition of two additional buildings located at 725 and 735 13th Street in East Village and the increase in the Centre City authorized amount by \$60,732, for a total Centre City authorized expenditure amount of \$204,732.

Project Budget and Financing – The following chart details the accounting and total cost for the demolition of five buildings in East Village and one building in City Heights:

East Village Demolition of 5 Buildings		City Heights Demolition of 1 Building	
Authorized Funds	\$144,000	Authorized Funds	\$84,000
Original Bid	\$107,446	Original Bid	\$20,500
Amount Remaining in Budget	\$ 36,554	Amount Remaining in Budget	\$63,500
CO No. 1 (to demolish two additional buildings)	\$ 97,286	CO No. 1 (to remove additional items)	\$ 2,768
Centre City Amount Needed for CO No. 1	\$ 60,732	Amount Remaining in City Heights Agency Budget	\$60,732
Total Proposed Authorized Centre City Budget	\$204,732	Total Proposed Expended Funds for City Heights	\$23,268
Total Overall Authorized Budget for the Project is \$228,000 (\$204,732 + \$23,268)			

By early February 2010, CO No. 1 was approved by all required parties and the two vacant buildings on 13th Street were demolished in early March. Shortly after the demolition of the two buildings, it came to the attention of Corporation staff that, while the revised project was within the authorized amount of \$228,000, the Centre City authorized amount was short \$60,732 and must be funded to pay Miller and close out the Project.

Project Benefits – The demolition of the two additional buildings in East Village alleviates illegal activities occurring around the perimeter of the two buildings. Also, demolition of the two East Village buildings is part of the overall demolition of the entire block in preparation of the construction of the East Village Green Park.

Environmental Impact – This project is categorically exempt from the California Environmental Quality Act (CEQA) under State CEQA Guidelines Section 15301 (entitled “Existing Facilities”). Section 15301 applies to a class of projects (“Class 1”) that includes the operation, repair, maintenance, permitting, leasing, or minor alteration of existing public and private structures, facilities, mechanical equipment, or topographical features when the project involves negligible or no expansion of the existing use. Section 15301 identifies a number of example projects, including the demolition and removal of small structures. The application of a categorical exemption to this project is not precluded by any of the exceptions set forth in State CEQA Guidelines Section 15300.2.

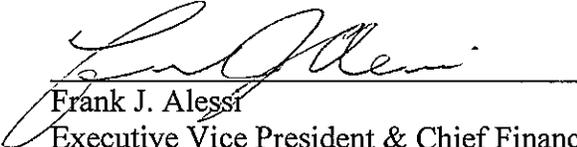
CONCLUSION

Staff recommends that the Agency approves an increase in the Centre City authorized amount by \$60,732, for a total Centre City authorized expenditure amount of \$204,732.

Respectfully submitted,

Concurred by:


Susan C. Diekman
Assistant Project Manager, Public Works


Frank J. Alessi
Executive Vice President & Chief Financial Officer


David N. Allsbrook
Vice President – Public Works, Acquisitions and
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