

Southeastern
Economic
Development
Corporation

MEMORANDUM

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Date Issued: September 8, 2004 Report No. SEDC 04-008

Meeting of September 14, 2004

To: Chair and Members of the Redevelopment Agency

From: Carolyn Y. Smith, President

Subject: Approval of the Second Implementation Agreement to the Disposition and Development Agreement by and between the Redevelopment Agency of the City of San Diego and TayRad, LLC.

Reference: First Implementation Agreement to the Disposition and Development Agreement with TayRad, LLC, Approved by the Redevelopment Agency on October 15, 2002

Disposition and Development Agreement with TayRad, LLC, Approved by the Redevelopment Agency on February 21, 2001

SUMMARY

Staff Recommendation – That the Redevelopment Agency of the City of San Diego enter into a Second Implementation Agreement to the Disposition and Development Agreement by and between the Redevelopment Agency of the City of San Diego and TayRad, LLC.

Other Recommendations – At this meeting of August 25, 2004, the SEDC Board of Directors unanimously approved staff's recommendation.

Fiscal Impact – The approval of the Second Implementation Agreement terminates the Agency's obligation to reimburse TayRad, LLC, in an amount not to exceed \$210,000 (Auditors Certificate #2300307) for flood improvements which impact the site.

Environmental Impact – An Environmental Secondary Study for the Disposition and Development Agreement was adopted by the San Diego City Council and the Redevelopment Agency of the City of San Diego on February 20, 2001, by Resolutions 294574 and 3297, respectively.

BACKGROUND

On February 21, 2001, the Agency approved a Disposition and Development Agreement (DDA) with TayRad, LLC, (Developer) for the redevelopment of approximately 42,000 square feet building and the development of an adjacent 2-acre industrial site located at 54th and Market Streets (Site) in the Central Imperial Redevelopment Project Area

The Site is located along the Market Street Commercial/Industrial Corridor. It is bisected by 54th Street and is bound by Market Street to the north, and an alley and the San Diego Trolley to the south. The Site can be accessed from Martin L. King, Jr., Freeway via the Euclid Avenue off-ramp, and it is within one-half mile of the Euclid Avenue Trolley Station. The Site is approximately four acres with an existing 42,730 square-foot building on two of the four acres. The remaining two acres are currently vacant. The entire Site is zoned I-1.

Surrounding land uses include single-family homes to the north, and light industrial and mixed uses on the east, south, and west. The Site is also conveniently located near community amenities such as the Malcolm X Library, Tubman/Chavez Cultural Center and Market Creek Plaza.

On October 15, 2002, the Redevelopment Agency approved the First Implementation to the DDA to provide for the reimbursement of the estimated \$210,000 necessary to construct certain flood plain improvements required on the Site prior to development.

DISCUSSION

The purpose of the proposed Second Implementation Agreement (Agreement) is to reflect the recent changes negotiated by the Developer and the Agency. The Agreement will provide for the following revisions:

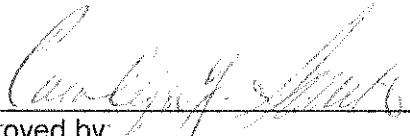
The Business Transaction

- Modify the purchase price payable for the Site by the Developer previously set forth in the Method of Financing (Attachment No. 2).
- Amend the Agreement to require the Developer to perform the remedial work associated with the flood plan at the Developer's sole cost and expense.
- Amend the Schedule of Performance (Attachment No. 3) to reflect the new dates for completion of certain activities.
- Modify the Additional Purchase Price payable for the Site by the Developer in the event that any part of the vacant portion is removed from the tax rolls.
- Modify Grant Deed B (Attachment No. 3B).

The developer is in the process of obtaining the discretionary permits required for the 30,000 square foot development (two 15,000 square foot buildings) proposed on the vacant two-acre parcel. SEDC is reviewing businesses submitted by the Developer that have indicated a willingness to purchase and ultimately operate in the new facilities.

CONCLUSION

The development of this Site will increase employment opportunities for area residents and will complement the development of the Valencia Business Park located immediately south and east of this Site.


Approved by:
Carolyn Y. Smith
President

CYS:eb
Attachment – Second Implementation Agreement