

DATE ISSUED: October 11, 2006 REPORT NO: CCDC-06-35  
CCDC-06-15

ATTENTION: Honorable Chair and Members of the Redevelopment Agency  
Council President and City Council  
Docket of October 17, 2006

ORIGINATING DEPT.: Centre City Development Corporation

SUBJECT: Volunteers of America Relocation – Funding Assistance –  
Centre City Redevelopment Project  
***Joint Public Hearing***

COUNCIL DISTRICT: Two (2)

REFERENCE: Volunteers of America Project Description  
Project Budget  
Summary Pertaining to the Use of Tax Increment

STAFF CONTACT: John W. Collum, Senior Project Manager (619.533.7124)

REQUESTED ACTION – Approval of the Redevelopment Agency of the City of San Diego’s funding and findings and determinations to assist the Volunteers of America in temporarily relocating a portion of its services, currently operating at 1111 Island Avenue, to a new downtown location; and City Council adoption of a resolution making certain findings and determinations with respect to the project financing.

STAFF RECOMMENDATION – That the Redevelopment Agency of the City of San Diego (“Agency”):

- Authorize the use of tax increment to purchase for future installation modular buildings, in an amount not to exceed \$1.3 million, on an Agency- or City-owned site, and lease of the buildings and site to the Volunteers of America (“VOA”), on a short-term basis (18 months with a Centre City Development Corporation-approved, optional 18-month extension), for temporary relocation of a portion of its downtown services;
- Authorize a budget amendment, if necessary, to transfer appropriations and funds from one district to another district of the Centre City Redevelopment Project depending upon the location ultimately determined for temporary relocation of the VOA; and

- Adopt a resolution making certain findings and determinations that the project is of benefit to the Centre City Redevelopment Project and to the immediate neighborhood; that there is no other reasonable means of financing the project available to the community; and, that the payment of funds by the Agency for the costs related to the temporary relocation of the VOA will assist in the elimination of one or more blighting conditions and the expenditure is consistent with the Implementation Plan of the Centre City Redevelopment Project.

And, that the City Council:

- Adopt a resolution making certain findings and determinations that the project is of benefit to the Centre City Redevelopment Project and to the immediate neighborhood; that there is no other reasonable means of financing the project available to the community; and, that the payment of funds by the Agency for the costs related to the temporary relocation of the VOA services will assist in the elimination of one or more blighting conditions and the expenditure is consistent with the Implementation Plan of the Centre City Redevelopment Project.

#### SUMMARY

The City Council District 2 office (“District Office”) and the VOA have requested that the Centre City Development Corporation (“Corporation”) and Redevelopment Agency assist in efforts to determine a suitable downtown location for the VOA to temporarily relocate a portion of its substance abuse services. The District Office and the VOA provided information on the services’ space requirements, along with a list of options for potential funding assistance in order to assure that the relocation is accomplished. Corporation staff reviewed the requirements and funding options, investigated numerous properties as potential temporary relocation candidates, and determined preliminary cost estimates. Upon review of Corporation staff findings, the Corporation Board voted to recommend that the Redevelopment Agency approve the necessary actions to purchase for future installation modular buildings suitable for the VOA’s needs, in an amount not to exceed \$1.3 million, on an Agency- or City-owned site, and lease the buildings and site to the VOA on a short-term basis (18 months with a Corporation-approved, optional 18-month extension).

FISCAL IMPACT – Funds in the amount of \$1.3 million are available in the FY 2007 Centre City Redevelopment Project Budget under East Village Public Improvements. A budget amendment may be necessary to transfer appropriations and funds should the location ultimately determined for temporary relocation of the VOA be located in another area of downtown.

CENTRE CITY DEVELOPMENT CORPORATION RECOMMENDATION – On September 27, 2006, the Corporation Board, by a 7-0 vote, voted to support the staff recommendation.

## COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS –

On September 13, 2006, the Corporation Board's Joint Real Estate and Budget/Finance & Administration Committee ("Joint Committee") voted unanimously to direct staff to proceed with an option to purchase modular buildings suitable for VOA's needs, fund the buildings' modifications and installation on a Redevelopment Agency-owned site, and lease the buildings to VOA. The Joint Committee limited the project costs to \$1.3 million and a short term/temporary lease to 18 months with a possible 18-month extension based upon VOA's performance in locating a permanent location and approved by the Corporation Board. A key concern of the Joint Committee was limiting the VOA lease of a temporary relocation site to the short-term, or 18 months, to ensure that the parties involved act quickly to find a permanent location for the VOA services included in the relocation. The Joint Committee also advised that, in the search for a permanent IRC location, additions/expansions of police and fire stations should be considered as opportunities, as well as a potential downtown facility that would serve the needs of several non-profit social service providers. The Joint Committee requested that it be provided with quarterly updates on VOA's search for a permanent location.

On September 20, 2006, the Centre City Advisory Committee voted 15 in favor, 2 opposed, and 3 recused, and the Project Area Committee voted 13 in favor, 2 opposed, and 3 recused, that the Corporation not spend money on temporary facilities for the VOA but instead spend the requested funds on a permanent location.

## BACKGROUND

The project, subject to the proposed funding assistance, advances the Visions and Goals of the Downtown Community Plan and the Objectives of the Centre City Redevelopment Project by:

- Maintaining a safe and livable downtown environment, working with the City to ensure appropriate levels of police services proportionate to population and activity level; and
- Minimizing impacts to surrounding land uses and downtown-at-large, while balancing provision of services to populations in need of assistance.

VOA provides substance abuse treatment and detoxification services at a leased facility, located at 1111 Island Avenue. Services include the following four components:

- Inebriate Reception Center ("IRC"): a four-hour holding area used by the San Diego Police Department as an alternative to jail for "drunk-in-public" violations;
- Detoxification Program (Pre-treatment Phase I): a three - five day voluntary pre-treatment program involving on-site care for physical detoxification from drug or alcohol abuse;

- Pre-treatment Education (Pre-treatment Phase II): a 10-day intensive on-site care, treatment and recovery program for physical detoxification from drug or alcohol abuse; and
- Sobriety House: a 90 - 180 day on-site, long-term treatment and recovery program for drug and alcohol abuse.

A more extensive description of the VOA's services and operations at 1111 Island Avenue is attached to this report.

In 2005, a mid-rise condominium project (Echelon) was approved by the Corporation Board on the 1111 Island Avenue site. While VOA has been actively seeking a suitable building to relocate its services, it has had problems in finding a location in which the surrounding community will accept the IRC portion of its programs. Earlier this year, City Council denied a VOA request for a conditional use permit ("CUP") that would have allowed all of its services to move to a Pacific Beach location. The owner of its current site, Barratt American Homes, has provided several lease extensions to accommodate VOA's relocation efforts. The latest extension runs until the end of 2006. VOA would prefer to move its operations to a new location within this time frame.

VOA has entered into an agreement with the San Diego Rescue Mission to lease space within its building located at 120 Elm Street (just outside of downtown) to accommodate VOA's Pre-treatment Education and Sobriety House programs on a temporary basis through 2007. The IRC is not permitted at the Rescue Mission location.

VOA and the District Office have requested that the Corporation and Agency assist in finding a site within the Corporation's jurisdiction near the VOA's current location for temporary relocation of the remaining services (IRC and Detoxification Program, or "IRC/Detox"), as well as funding the costs necessary to prepare the site for VOA occupancy. Once relocated to an approved temporary site, the VOA and District Office plan to determine an appropriate permanent location for the IRC/Detox programs.

#### DEVELOPMENT TEAM

<b>ROLE/FIRM</b>	<b>CONTACT</b>	<b>OWNED BY</b>
Lessee-Human Services Organization/Volunteers of America Southwest California	Gerald McFadden, CEO/President	Private Non-profit Corporation

## DISCUSSION

Scope of the Project – The combined IRC/Detox services collectively require approximately 7,500 square feet (“SF”) of space improved to meet specifications that ensure VOA can acquire the appropriate operational licenses (County and State). The improvements generally consist of dormitories, bathrooms, living and meal areas for up to 26 Detox clients, intake counter and a large holding area for IRC clients, and staff offices and lounge. VOA has also requested six (6) parking spaces to accommodate employees. The parking spaces could be accommodated on-site or within a one- to two-block walk from the VOA space.

The 7,500 SF space needs will likely require two or more modular buildings that would be installed on a level-graded (preferably paved) site. The modular buildings installation would include handicap-accessible ramps to meet current codes. The installation would also include a fenced, outdoor area for client and employee use. The modular buildings could be relocated and used by the Corporation, Agency or City for other public uses, once the VOA finds a permanent location and the buildings are vacated.

A 10,000 - 15,000 SF site would be necessary to locate the modular buildings and on-site parking for the IRC/Detox programs. The District Office is reviewing a list of Agency- and City-owned properties within downtown as potential sites. Review of these properties and selection of an appropriate site will be completed by the scheduled October 17 City Council-Agency meeting during which this item will be heard.

Project Budget and Financing – The total estimated cost of purchasing modular buildings, modifying them to meet VOA’s floor-plan requirements totaling 7,500 SF, and installing them on a selected site, is \$1.3 million. A project budget is attached to this report.

Participation by Agency – Agency funding of the modular buildings purchase will require that certain findings be made pursuant to California Redevelopment Law (“CRL”) Section 33445, “Payment for publicly owned buildings, facilities, structures or other improvements.” This will require a Joint Public Hearing by the Agency and City Council to adopt a resolution making certain findings and determinations. The findings and determinations would include that:

- The project is of benefit to the Centre City Redevelopment Project and to the immediate neighborhood;
- There is no other reasonable means of financing the project available to the community; and
- The payment of funds by the Agency for the costs related to the temporary relocation of the VOA will assist in the elimination of one or more blighting conditions, and is consistent with the Implementation Plan of the Centre City Redevelopment Project.

The findings and determinations are embodied within the attached “Summary Pertaining to the Use of Tax Increment.”

If the location ultimately determined for temporary relocation of the VOA is a City-owned property, then the Agency would need to lease the site from the City, and then in turn, sub-lease the site to VOA. A City-Agency lease would require City Council approval.

The Agency lease of the modular buildings to VOA, along with the lease of land on an Agency-owned or -leased site, would require approval by the Agency of a “short-term interim lease” that requires a public hearing under CRL Section 33431, “Lease or sale without public bidding.”

The drafting and approval of leases required to implement the VOA relocation are anticipated to occur as a separate, but follow-up, task to the approval of funding assistance for the VOA downtown temporary relocation.

Proposed Schedule of Performance – Corporation staff is in the process of determining all of the necessary steps for the modular purchase process and other CRL, Agency, City and Corporation requirements in order to implement this project. A project implementation timeframe is also being developed.

Project Benefits – The VOA IRC provides a more efficient and lower-cost alternative for local law enforcement agencies to deal with public inebriates. Without the IRC alternative, the San Diego Police Department would be faced with choosing between not dealing with persons who are intoxicated or taking them to the County’s Central Jail. Not dealing with public inebriates could lead to further public safety issues such as drunk driving and other alcohol- and drug-related crimes for the public, whereas the additional time needed for an officer to book someone at the jail keeps officers off the street and from performing their public safety functions. Of the 1,418 clients that were admitted to the IRC between mid-October 2005 and mid-January 2006, VOA indicates that approximately 24 percent of them admitted living in the downtown community, making downtown the community with the largest number of residents that are using the IRC services.

The Detox services allow VOA to provide a multi-phase continuum of services for IRC clients in need of treatment and recovery from alcohol and drug addiction. VOA believes that treatment and recovery options must be convenient, available and accessible at the moment an individual makes the decision to seek help, and by combining the IRC/Detox programs, it can more effectively provide positive results.

## PROJECT ANALYSIS AND IMPACT ASSESSMENT

Conditional Use Permit – The facility that would house the IRC/Detox programs would be classified as a Transitional Housing Facility by the City’s Land Development Code (“LDC”). Under the Centre City Planned District Ordinance (“PDO”), it may be located in most land use districts downtown through the review and approval of a CUP by City Council during a public hearing. The approval of a CUP requires that certain findings be made, including that the use will not adversely impact the applicable land use plan, will not be detrimental to the public health, safety and welfare, and complies to the maximum extent feasible with the regulations of

the LDC (and PDO), thereby requiring an evaluation of the project's compatibility with the surrounding neighborhood. The quarter-mile separation rule that applies to many other Social Service uses and Homeless Facilities does not apply to Transitional Housing Facilities.

Once the modular buildings site is determined, the VOA will submit a CUP application that will be reviewed and processed by Corporation staff. The Centre City Advisory Committee and Corporation Board will review and make recommendations to the City Council on the CUP. The CUP review and City Council hearing is anticipated to occur as a separate, but follow-up, task to the approval of funding assistance for the VOA downtown temporary relocation.

Environmental Impact– This activity is not a "project" and is therefore exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15060(c)(3). This determination is predicated on Section 15004 of the CEQA Guidelines, which provides direction to lead agencies on the appropriate timing for environmental review. Discretionary actions associated with any review of a CUP application once the site is determined, and subsequent construction activities related to the VOA relocation, will require further review under the provisions of CEQA.

Once a specific location for the temporary VOA IRC/Detox relocation is determined and a CUP application is filed, Corporation staff will prepare an Environmental Secondary Study in accordance with the 2006 Final Environmental Impact Report ("FEIR") as part of its CUP review. Under the FEIR, an Environmental Secondary Study is prepared for all developments in the Centre City area in order to evaluate the project's compliance with the Downtown Community Plan and Planned District Ordinance and, therefore, the findings and conclusions of the FEIR.

#### EQUAL OPPORTUNITY

Bid solicitation/outreach efforts identifying subcontracting and vendor opportunities will include the Corporation's website (ccdc.com), Blue Hornet (e-based mail system to strategic trades), ethnically/ trade/community focused organizations and publications, and public agencies, as well as advertising in appropriate local and geographically-feasible publications that can assist in this area. A pre-bid meeting will be conducted.

#### CONCLUSION

The relocation of the VOA IRC/Detox programs with Agency funding assistance will ensure that the City of San Diego and the San Diego Police Department will continue to have an efficient and lower-cost alternative to deal with public inebriation. The IRC saves jail booking time for the Police Department, which results in police officers getting back on the street faster to perform their public safety functions. The Detox services provide a multi-phase continuum of services for clients in need of treatment and recovery from alcohol and drug addiction. Together, these programs combat public safety issues such as drunk driving and other alcohol- and drug-related crimes.

Therefore, Corporation staff recommends that the Agency authorize the use of tax increment, in an amount not to exceed \$1.3 million, to fund the purchase for future installation of modular buildings on an Agency- or City-owned site for lease, on a short-term basis (18 months with a Corporation-approved, optional 18-month extension), to the Volunteers of America for temporary relocation of VOA's IRC/Detox programs. Also, Corporation staff recommends that the Agency authorize a budget amendment, if necessary, to transfer appropriations and funds from one district to another district of the Centre City Redevelopment Project depending upon the location ultimately determined for temporary relocation of the VOA. Finally, Corporation staff recommends that the Agency and City Council make certain findings and determinations with respect to the project financing.

Respectfully submitted,

Concurred by:

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John W. Collum, AICP  
Senior Project Manager

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Nancy C. Graham  
President

Attachments:

- A – Volunteers of America Project Description
- B – Project Budget
- C – Summary Pertaining to the Use of Tax Increment