



Memorandum

DATE ISSUED July 5, 2006 REPORT NO. SEDC 06-008

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
 Docket of July 11, 2006

SUBJECT: Third Implementation Agreement to Disposition and Development
 Agreement with TayRad, LLC

REFERENCE: Disposition and Development Agreement with TayRad, LLC for
 Development of the 54th and Market Streets Industrial Site

REQUESTED ACTION:

Approve the Third Implementation Agreement to the Disposition and Development Agreement (DDA) by and between the Redevelopment Agency of the City of San Diego (Agency) and TayRad, LLC (Developer) for development of the 54th and Market Streets Industrial Site.

STAFF RECOMMENDATION:

Approve the Third Implementation Agreement to the Disposition and Development Agreement (DDA) by and between the Redevelopment Agency of the City of San Diego (Agency) and TayRad, LLC (Developer) for development of the 54th and Market Streets Industrial Site.

SUMMARY:

BACKGROUND

On February 21, 2001, the Redevelopment Agency of the City of San Diego (Agency) approved a Disposition and Development Agreement (DDA) with TayRad, LLC, (Developer) for the redevelopment of an approximately 42,000 square foot industrial building and the development of two industrial buildings of approximately 30,000 square feet on an adjacent 2-acre site located at 54th and Market Streets (Site) in the Central Imperial Redevelopment Project Area.

The four-acre Site is located along the Market Street Corridor at the intersection of Market Street and 54th Street, north of the San Diego Trolley and the Earl B. Gilliam/Imperial Avenue Post Office facility located in

the Valencia Business Park. Renovation of the industrial building was completed in 2001. The remaining two vacant acres are zoned I-1.

The First Implementation Agreement to the DDA (First Implementation Agreement), approved by the Agency on October 15, 2002, provided for the Developer to construct the necessary flood plain improvements, including completing all documents required by the Federal Emergency Management Agency (FEMA), and that the Agency would reimburse the Developer in an amount not to exceed \$210,000 to improve that portion of the Site remaining in the 100-year flood plain. The Site was partially raised from the 100-year flood plain as a result of the work completed down stream at the Valencia Business Park.

The Second Implementation Agreement to the DDA (Agreement) reflected the increased purchase price and established that the Developer assumes all costs and expenses for the flood plain improvements and that the Agency is no longer responsible for the reimbursement of an amount not to exceed \$210,000 for the flood plain improvements. The Agreement included an Amended Schedule of Performance to reflect revised dates for completion of activities.

DISCUSSION

During 2005/06, the developer began the process of obtaining discretionary permits for development of two (2) 15,000 square foot buildings on the Site. The Developer has been unable to complete the permit processing and requested to assign the development obligations of the DDA to Har-Bro Construction and Consulting, Inc. (Har-Bro). Har-Bro is one of the proposed user-owners. The proposed Third Implementation Agreement will:

- Provide for the assignment and assumption of the obligations of the Developer by Har-Bro.
- Provide for a \$10,000 transfer/processing fee payment to the Agency for its review and consideration of the assignment of the obligations.
- Revise the Schedule of Performance to allow Har-Bro to carry out all the obligations under the DDA.

ALTERNATIVE:

This alternative would cause a significant delay in the development of this vacant industrial site; the result could mean potentially the loss of two strong companies who have a commitment to the Agency's Employment and Training requirement, as well as the redevelopment of southeastern San Diego.

FISCAL CONSIDERATIONS:

The Agency will receive a Ten Thousand Dollar (\$10,000) Transfer/Processing Fee upon execution of the Agreement.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

On February 20, 2001, the Redevelopment Agency approved a Disposition and Development Agreement (DDA) with TayRad, LLC, (Developer) for development of the 54th and Market Streets Site (Site) and Certified the Secondary Study of Environmental Impacts with respect to the DDA.

On October 15, 2002, the Redevelopment Agency approved the First Implementation Agreement to the DDA with TayRad, LLC.

On September 14, 2004, the Redevelopment Agency approved the Second Implementation Agreement to the DDA with TayRad, LLC.

On May 24, 2006, the SEDC Board of Directors approved the recommendation to the Redevelopment Agency for approval of the Third Implementation Agreement to the DDA with TayRad, LLC.

COMMUNITY PARTICIPATION & PUBLIC OUTREACH EFFORTS:

On May 17, 2004, the Central Imperial Project Area Committee (PAC) voted unanimously to recommend approval of the Third Implementation Agreement to the DDA with TayRad, LLC.

CONCLUSION

Har-Bro has demonstrated to SEDC its qualifications and experience to complete the construction in conformance with the Schedule of Performance. The two occupants of the buildings, Har-Bro Construction and Closet Works will provide additional employment and training opportunities for the southeastern community.

Respectfully Submitted,

Carolyn Y. Smith
President
Southeastern Economic Development Corporation

CYS: eb

Attachment –Third Implementation Agreement with TayRad, LLC.