



**Centre City
Development
Corporation**

DATE ISSUED: April 9, 2008 REPORT NO: CCDC-08-11

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of April 15, 2008

ORIGINATING DEPT.: Centre City Development Corporation

SUBJECT: Volunteers of America Building Rehabilitation (East side of 16th
Street between L Street and Imperial Avenue) – Loan Agreement –
East Village Redevelopment District of the Expansion Sub Area of
the Centre City Redevelopment Project

COUNCIL DISTRICT: Two (2)

REFERENCE: None

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

REQUESTED ACTION – Approval of a loan agreement to assist Volunteers of America in rehabilitating the 101 16th Street building for relocation of its Inebriate Reception Center program from its current location at 1111 Island Avenue.

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

- Approving the proposed loan agreement between the Agency and the Volunteers of America (“VOA”) in the amount of \$277,500 and as outlined in this report; and
- Authorizing the Executive Director of the Agency, or his designee, to take any action and execute any and all documents necessary to implement the resolution.

SUMMARY

The Inebriate Reception Center (“IRC”), a service administered by VOA, is a four-hour holding area used by the San Diego Police Department (“Police Department”) as an alternative to jail for “drunk-in-public” violations. The IRC has been estimated to save 6,300 hours of police time annually by saving jail booking time for the Police Department, resulting in police officers getting back on the street faster to perform their public safety functions. The program assists the Police Department and the community in combating public safety issues such as drunk driving and other alcohol- and-drug-related crimes.

VOA has requested that the Agency assist in efforts to partially fund a building rehabilitation, including tenant improvements, related to the relocation of the IRC. After an extensive search, VOA has located a suitable space for the IRC in an existing warehouse building at 101 16th Street in downtown’s East Village neighborhood. VOA is faced with relocating from its current

location at 1111 Island Avenue, due to the recent sale and pending redevelopment of the property as the new home of the Thomas Jefferson School of Law ("School of Law"). The requested funding assistance from the Agency would be in the form of a loan in the amount of \$277,500, and would be used to partially fund the tenant improvements needed to make the building habitable.

FISCAL CONSIDERATIONS – Funds in the amount of \$277,500 are available in the FY 2008 Centre City Redevelopment Project Budget under East Village Public Improvements.

CENTRE CITY DEVELOPMENT CORPORATION RECOMMENDATION – On March 26, 2008, the Centre City Development Corporation ("Corporation") Board, by a 6-0 vote, voted to recommend that the Agency approve the proposed loan agreement between the Agency and VOA in the amount of \$277,500 to rehabilitate the 101 16th Street site.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS – 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 and Agency not spend money on temporary facilities for VOA but instead spend the requested funds on a permanent location. This was based upon an earlier project that proposed to spend \$1.3 million on modular buildings to house the relocation of the IRC and other VOA services. The project did not move forward for final Agency approval.

DEVELOPMENT TEAM

ROLE	FIRM/CONTACT	OWNERSHIP
Loan Recipient/ Construction Manager	Volunteers of America Southwest California/ Gerald McFadden, CEO/President	Private Non-profit Corporation
General Contractor	Design-Build Tenant Improvements/ Jim Seibert	Jan & Barbara Ausdemore (Privately Owned)

BACKGROUND

The project, subject to the proposed loan agreement, 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.

The VOA has leased its present location at 1111 Island Avenue since 1982. In 2007, the property was sold to the School of Law, which has proposed to relocate its school facility, currently located in the Middletown community, to a new building on this East Village site.

VOA has operated the IRC through a contract with the County of San Diego for 26 years. The following is a profile of the IRC operations:

- Peak period of individual (client) visits: 10 p.m. – 3 a.m.;
- Number of clients visiting during peak period: 24;
- Individuals taken to IRC must spend a minimum of four hours in facility before being released;
- 50 percent of clients are within the 18 – 30 year-old range;
- 75 percent of clients are first-time visitors; and
- 99 percent of clients are referred/delivered to the IRC by the Police Department.

EQUAL OPPORTUNITY

The loan agreement will indicate that as they solicits bids for the building rehabilitation improvements, VOA and its general contractor will endeavor to include as many bids as possible that include certified Minority, Women, Disabled Veteran, and Small Business Enterprises (M/W/DV/S BEs) as subcontractors.

DISCUSSION

Scope of the Project – After touring and analyzing several potential relocation sites, VOA has determined that the 101 16th Street site is appropriate for the IRC's needs. The building sits as part of a series of warehouse buildings owned by Breitbard Properties LLC on the full block bounded by 16th Street on the west, L Street (previously abandoned) on the north, 17th Street on the east, and Imperial Avenue to the south. The block is bordered on the west by the MTS bus yards; on the north by the abandoned L Street right-of-way now utilized for driveway access to and parking for the subject site and a warehouse to the north; on the east by a strip of land also owned by the Breitbard Properties LLC that is adjacent to Interstate 5 frontage; and on the south by the Villa Harvey Mandel housing project owned and operated by St. Vincent de Paul's. A Site Map is attached. VOA would lease a portion of one of the buildings that sits on the northern end of the block, while the balance of the other block's buildings to the east and south are occupied by a cabinet manufacturer. The lease space is located on the first floor of a two-story building, measures approximately 10,000 square feet, and is currently used to store wood and other materials used by the cabinet manufacturing use.

The lease space will require tenant improvements generally consisting of holding areas for IRC clients (one each for men and women), bathrooms for IRC clients (one each for men and women) and VOA staff, staff offices, and other improvements essential to IRC operations. VOA employees would park in the existing parking areas located on the building's north side (part of the abandoned L Street area), and police officers would use a fenced area on the site off of 16th Street to drop off clients. VOA will be responsible for designing the tenant improvements,

obtaining the required permits, hiring a firm to construct the improvements, and monitoring construction. The tenant improvements will be designed to meet all applicable local and state building codes, including handicap-accessibility both within and outside the leased space.

VOA has signed, and Breitbard Properties LLC has countersigned, a Letter of Intent for the two parties to negotiate a series of three, one-year leases. The IRC, categorized within the Centre City Planned District Ordinance under the subcategory "Separated Regulated Institutional Uses/Hospitals, 24-hour Emergency Clinics, Intermediate Care Facilities, and Nursing Facilities," is permitted by right within the Mixed Commercial land use district in which the site is located.

Housing Impact – Not applicable.

Project Budget and Financing – The total estimated cost of the IRC tenant improvements at 101 16th Street is \$370,000, including design, permitting and construction. The proposed project funding would include the \$277,500 in requested Agency funding and \$92,500 in Community Development Block Grant allocations. Agency funds in the amount of \$277,500 are available in the FY 2008 Centre City Redevelopment Project Budget under East Village Public Improvements.

The Agency funding would be subject to the loan agreement (see Attachment B), which specifies that the \$277,500 would be a rehabilitation loan with a service repayment provision at 0 percent interest for a three-year period (making it consistent with the length of the building leases). The loan agreement terms will indicate that VOA will attain certain annual benchmarks for service provision, based upon its contract with the County of San Diego. As long as VOA meets the service provision benchmarks on an annual basis, the loan repayment for that year will be forgiven.

Participation by Agency – Total Agency financial participation would be the \$277,500 rehabilitation loan with a service repayment provision. The IRC tenant improvements and relocation project would be managed by VOA. Corporation staff will be responsible for implementing and monitoring the loan agreement on behalf of the Agency.

Proposed Schedule of Performance – VOA plans to begin project construction immediately after the Agency loan approval (on or after April 15, 2008). Construction is estimated to take approximately 45 days, and VOA plans to occupy the improved space by June 1, 2008. The loan agreement will require that VOA submit an annual report to the Corporation for verification of meeting the annual benchmarks for service provision.

Project Benefits – The IRC provides a more efficient and lower-cost alternative for local law enforcement agencies to deal with public inebriates. Without the IRC alternative, the 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.

Environmental Impact – This activity is not a “project” under the definition set forth in CEQA Guidelines Section 15378. Therefore, pursuant to CEQA Guidelines Section 15060(c)(3), the activity is not subject to CEQA.

CONCLUSION

The relocation of the VOA IRC program in conjunction with Agency funding assistance to rehabilitate the 101 16th Street site will ensure that the City of San Diego and the 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 program assists the Police Department and the community in combating public safety issues such as drunk driving and other alcohol- and drug-related crimes. Therefore, staff recommends approval of a loan agreement to assist VOA in rehabilitating the 101 16th Street building to accommodate the IRC program relocation.

Respectfully submitted,



John W. Collum, AICP
Senior Project Manager

Concurred by:



Nancy C. Graham
President

Attachments:

- A – Site Map
- B – Loan Agreement